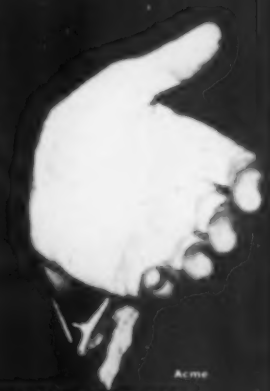
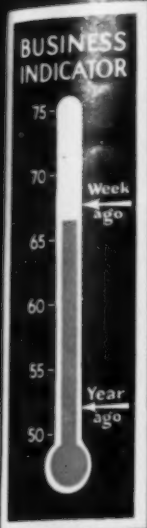


FEB. 24  
1934

# BUSINESS WEEK



McGraw-Hill  
PUBLISHING  
COMPANY, INC.

RECONSTRUCTOR—Chairman Jesse Jones of the RFC gets a new job every day. Next may be direct financing of industry.

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## Firestone

### Complete Line

### OF EXTRA QUALITY

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**R**OAD delays are costly. Avoid the unnecessary expense of premature tire failures—the risks of uneven inefficient brakes—the delays due to worn defective spark plugs, lack of power in your battery and the freezing of your radiator. Equip your fleet of trucks today with dependable Firestone Tires, Batteries, Spark Plugs, Brake Lining and Accessories, and lower your operating and maintenance costs.

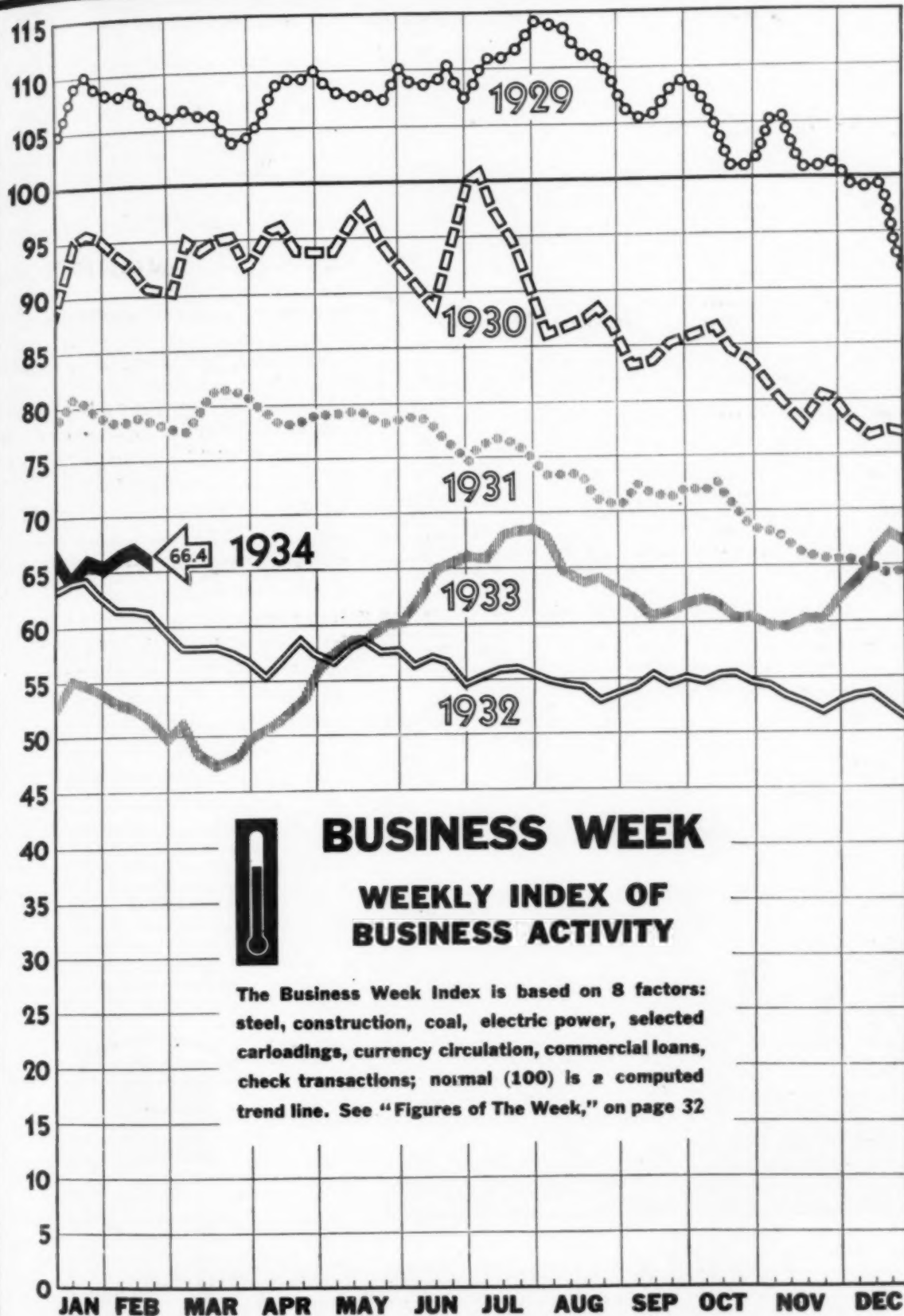
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• *Every Monday Night Over N.B.C.* •  
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## THE J&L CONCEPTION OF A "CUSTOMER'S MAN"

Jones & Laughlin engages a large corps of men to **VERIFY** the quality of all J&L products, in addition to employing the best of materials, modern production equipment and highly skilled workers. As example, one-sixth of all of the men responsible for J&L seamless tubular goods are engaged in various phases of test and inspection. Their job is to be sure that every length of pipe that leaves the mill is entirely fit for the customer's needs. This scrupulous guarding of the customer's interests is one of the reasons why J&L obtains and keeps customers.

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# The Business Outlook

BUSINESS finds plenty of distractions, what with the trans-Atlantic gold rush knotting up the U. S. Assay Office; the railroads angling for the status quo by posting a 15% wage cut proposal; the motor manufacturers spotting watchers at steel mill doors to insure their quota of steel output; persistent cold weather straining coal dealers' delivery capacity, stimulating production, carloadings, and electric power production, but putting a damper on the movement of spring merchandise; and the shifting of air-mail to army carriers.

Moreover, the agitation for shorter working hours continues, with Secretary Perkins giving a mild approval in principle but a cool reception to any immediate tinkering with code regulations, most of which provide for 40 hours. As it is, hours worked in 25 manufacturing industries fall far short of the code limit—averaging only 34 hours. Still, the underwear industry is discussing the possibilities of shorter hours at its annual meeting this week.

## Retail Sales Mount

In spite of none too encouraging weather in the Northern and Eastern sections of the country, retail trade in the first half of February is maintaining a good pace. Dollar sales range from 15% to 35% ahead of last year, with Southern cities doing relatively better than Eastern centers. From Seattle to Los Angeles, Dallas to Miami, Pittsburgh to Boston, merchants welcome the turn of the tide. Early Easter may be forcing the seasonal peak forward, though confidence in continued improvement is broadly expressed. With CWA funds expanded by the Presidential addition of \$150 millions to the \$350 millions originally allotted, some fears of purchasing curtailment are allayed. Over 4 millions were on CWA payrolls in January.

## Steel Is Improving

Rapidly the steel industry is approaching the 50% of capacity level. Not only are auto and tin plate makers appealing for raw materials, but a host of miscellaneous consumers long out of the market are adding their bit to the clamor. Stove, wire, nail, and refrigerator manufacturers are buying again. One important refrigerator builder found January shipments broke all records for the month.

## Rail Purchases Moderate

Rail orders are lighter than one might expect, considering the bargain price of \$36.375 a ton in face of other price boosts. The Pennsylvania split a \$3 millions order among 21 companies for steel to be used in constructing 7,000 new freight cars in

its own shops. Manufacturers have 80 unfilled locomotive orders on their books at the close of January compared with 74 the preceding month. Still, 1934 promises to bring forth substantial rail equipment business. PWA continues to extend funds liberally for improving rolling stock. Following the sensational debut of Union Pacific's new streamlined train, the New Haven announces that it has 50 streamlined coaches planned, to be completely air-conditioned and gayly decorated in the modern manner.

## Automakers Shoot High

Chevrolet is making every effort to catch up on Ford's 4,000-a-day output. Already, a phenomenal stride to 3,500 per day has been made, and secret hopes for 6,000 are being nurtured. But that won't be before the new equipment is put in place, sometime in April. Other manufacturers are farming out parts formerly made in their own plants. Plymouth is breaking production records. The motor trade is more optimistic now than in years, talking in terms of 270,000 cars for February, 325,000 for March, and not shying at 400,000 for April, if all goes well.

## Steel Prices Unchanged

Most encouraging aspect of the current lifting of the steel operating rate is the knowledge that it represents immediate requirements of consumers, with a negligible speculative aspect.

Second quarter prices will show no substantial change. Perhaps Detroit's vigorous kick helped hold them to present levels. The steel industry is hoping that General Johnson's town meeting of Mar. 5 will settle a number of disputed points on price procedure in favor of the present arrangements.

## Coal Output Advances

Soft coal production rose 11% in January over December and is 22% above a year ago. Hard coal shows even sharper recovery—a 38% gain

over December, and 60% over January, 1933. Current railroad shipments of coal (Feb. 10) are rising, but in spite of the unexpected demand for coal, loadings fall more than 10,000 cars below last year. Railroads, like motor manufacturers in connection with steel, are protesting lack of favored treatment on coal prices, seek to reopen the subject.

## Domestic Use Drops

While gas and electric power companies are now being called upon to deliver more heat and current than ordinarily required at this season, they are disturbed to find that last year marked the first break in decades of the steady upward demand from domestic consumers. The loss was slight, thanks to the record sales of electrical equipment, such as refrigerators, which helped to overcome the drop in customers. Only classes to require more electric power in 1933 than in 1932 were the large commercial consumers, electrified steam railroads, municipal and miscellaneous users. Revenue declined as much as power sold increased—3%.

## Railroad Wage Cuts

Freight traffic is happily increasing, and for the second week this year has surpassed the 1932 level. Coal, coke, and forest products show particularly sharp gains over 1933 during the first 6 weeks of this year. And in the face of this improving volume of business, the railroads stepped forward to request a 15% reduction in wages to take effect when the present 10% cut expires July 1, 1934. Intercession by the President in favor of continuing the present status is likely to make the Mar. 15 parley of roads and unions a mere formal acquiescence. Both sides are watching the Kansas City Southern situation where talk of a strike by Mar. 1 is prevalent.

## Building Lags

February construction is a bit disappointing, except in the residential field. Both public works and non-residential projects are tapering sharply from the January daily averages. Compared with a year ago, which marked the bottom of the dismal slide, the gains are still substantial. Through Feb. 15, less than \$60 millions of construction undertakings were confirmed in the 37 states covered by F. W. Dodge, a 33% decline from the January rate, but a 105% spread above last year.

That residential activity should emerge from the stagnation that has dogged its course in recent years is a gratifying surprise. A 24% gain over January's level is not to be ignored, even though the sum involved is still pitifully small.

# NEW YORK LIFE

## INSURANCE COMPANY

A MUTUAL COMPANY FOUNDED IN 1845

INCORPORATED UNDER THE LAWS OF THE STATE OF NEW YORK

89<sup>TH</sup> ANNUAL STATEMENT, DECEMBER 31, 1933

### To the Policy-holders and the Public:—

The service of a life insurance company is measured, largely, by its returns to policy-holders and beneficiaries. By this standard the New York Life accomplished more in 1933 than in any other year since it began business in 1845.

In this year of stress, in addition to making many policy loans, the Company paid the enormous sum of **\$255,977,483** to policy-holders, beneficiaries, and annuitants.

It closed the year with Assets amounting to **\$2,010,943,112**, the largest in its history, valued as prescribed by the National Convention of Insurance Commissioners. The Company's total Liabilities were **\$1,896,651,321**.

Its surplus funds reserved for general contingencies amounted to **\$114,291,791**.

In the interest of conservatism, the Company voluntarily set up in its liabilities two special contingency reserves as follows: **\$21,014,507**, which is the difference between December 31, 1933 market quotations and the values carried in Assets of stocks, and of bonds in default, bonds of companies in receivership, and bonds which for any reason are not carried in Assets at amortized value; and **\$7,500,000** for deferred mortgage interest collections, which are larger than normal due to the general economic situation.

The Company also set aside a reserve of **\$48,038,244** for apportionment of dividends during 1934, a sum sufficient to provide the same regular annual dividend on each individual policy as was paid in 1933, except on term insurance policies.

Of special interest was the increased demand for annuities. Many men and women, desiring to secure a fixed

income for life and relief from investment worries, placed their capital in annuities providing a guaranteed life income. The total so invested was **\$20,662,386**, a larger amount than in any other single year.

The total insurance in force represented by 2,672,876 policies was **\$6,869,268,269**. The total new paid for insurance was **\$378,669,800**.

The following table shows the diversification of the Company's Assets as reported to the Insurance Department of the State of New York and valued as stated above:

		Per Cent
Cash on Hand or in Bank . . . . .	\$30,943,412.43	1.54
United States Gov't. Bonds . . . . .	98,164,386.21	4.88
State, County, Municipal Bonds . . . . .	154,913,244.26	7.70
Public Utility Bonds . . . . .	154,483,453.00	7.68
Industrial and Other Bonds . . . . .	18,598,126.14	.93
Railroad Bonds . . . . .	360,293,658.42	17.92
Canadian Bonds . . . . .	39,957,188.69	1.99
Foreign Bonds . . . . .	2,064,448.32	.10
Preferred and Guaranteed Stocks . . . . .	67,923,705.64	3.38
Real Estate (Including Home Office) . . . . .	72,477,359.29	3.60
First Mortgages, City Properties . . . . .	495,297,998.40	24.63
First Mortgages, Farms . . . . .	17,353,431.95	.86
Policy Loans . . . . .	413,873,648.41	20.58
Interest & Rents Due & Accrued . . . . .	41,269,429.08	2.05
Other Assets . . . . .	43,329,621.78	2.16
<b>TOTAL ASSETS . . . . .</b>	<b>\$2,010,943,112.02</b>	<b>100%</b>

Further information about the Company will be furnished upon request to its Home Office at 51 Madison Avenue, New York, or to any of its Branch Offices throughout the United States and Canada.

*Thomas A. Buckner*  
President

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# Washington Bulletin

WASHINGTON (By Business Week Staff Correspondents)—Due to loud outcry on the part of consumer authorities in NRA and AAA, it now appears likely the greatest labyrinth of all time, American railroad rate books, will be revised in pocket edition form.

Railroad Coordinator Eastman will do the job. Flabbergasting rate books are a real handicap. Their complications enable big shippers, with rate experts, to get lower rates than small competitors ignorant of rate possibilities.

Consumer authorities insist every time they start finding out why it costs so much more to distribute than to produce goods, they wind up at freight rates and basing points.

Example: The quotation on oleo produced at factories near Philadelphia is computed by adding the rail round-trip rate to Pittsburgh to the factory price, though the oleo never rides the rails. The railroads get nothing but the complaints.

## Brands Saved from Burning

Senator Copeland sent a new edition of his Food and Drug Bill to the printer this week, after knocking an "s" out of Sec. 11. With no "s" on "standards," Secretary Wallace can fix only a minimum standard of quality for a food product, rather than several. The industry feared the original provision would invite the housewife to buy on grade, ignoring brands and advertising.

## Tax Exemptions

With Roosevelt's classic barn depreciation tax dodging illustration in mind, the House of Representatives went after income tax exemptions in a big way. "Soak the rich" policy guides revision. Dividends incomes are to be taxed three times present rates. Capital losses are to be deductible only to extent of capital gains, netting \$55 millions. Personal corporations to curtail taxes are barred. The bank check tax is to exit January next but the \$38 millions is needed for the present. An excise tax on cocoanut and sesame oils is planned.

## St. Lawrence Lacks 6 Votes

Senators favoring the St. Lawrence seaway admit they still lack 6 votes to put the treaty over. The President talks for it, but has not cracked the whip. The situation might change if he did, but its prospects are rather blue unless he does.

## THIS WEEK

*Amendment by one letter makes big difference in food bill.*

*A searchlight turns toward profits.*

*What is a personal tax-dodging corporation?*

*The Trade Commission drops secrecy.*

## Deposit Insurance

Now that the President has accepted Senator Vandenberg's plan for continuing present bank deposit insurance status for a year, on the theory that 97% of depositors are already protected, Treasury experts suggest a new device to protect the fund. They would have the Federal Deposit Insurance Corporation step into any bank situation the moment reports of bank examiners indicated danger, instead of paying off full losses later on.

## Limelight on Costs

Production costs are due for governmentally directed limelight. The recent steel rail price battle was not just to stimulate buying, as then suspected, but to prevent large profits on goods sold to utilities. The new policy is that the government must know actual cost and profit on every item sold to utilities whose rates it regulates. It will threaten government competition to any industry refusing to show books for that purpose.

At the same time, consumers' units of NRA and AAA are digging into costs hitherto confided only to the Internal Revenue Department.

## Interest Rates

The Administration shifts its concern from commodity prices to interest rates. It believes cheap money will equalize burdens between debtors and creditors, particularly in agriculture. Interest-lowering has a secondary advantage in making government securities more attractive to investors,

thereby tending to reduce the government's interest burden.

## Tariff and Reciprocity

The President will ask Congress to authorize reciprocity treaties, within certain limitations of time and degree, to be negotiated direct by the President without necessity of ratification by the Senate. Lowering of the \$5 per gallon duty on distilled spirits to certain countries is advocated by the Department of Commerce as a splendid chance to expand American exports.

Liquor quota success in winning concessions is a strong argument for these special powers. Precedents for grant of such treaty-making powers exist, but there is no instance of a treaty actually consummated thus.

## Chance for Tax Dodgers

Tax lawyers grin when reading the provision of the new tax bill which slaps a flat 35% on family corporations created to escape tax on large personal incomes. How to define such a corporation stumps the House committee. One test is whether more than half the voting stock is held by 5 or fewer individuals on Dec. 31. More relatives at Christmas beats that. The bill stipulates that brothers, sisters, spouses, ancestors, and lineal descendants shall be considered one person, but the taxpayer can still use uncles, aunts, nieces and nephews, and in-laws. Congress is eager to be tough, but afraid to work hardship on bona fide business corporations.

## Publicity for Punishment

The Federal Trade Commission is going to publicize its complaints even when the defendant agrees to cease, and hearing is not called, on the ground that flagrant violations should be punished even if stopped.

The plan is to handle more complaints and faster, not to move only on sure-fire cases. This reverses the old policy of extreme silence and agreeing not to give publicity if a company agrees to desist. The commission is clearing decks for the expected big job of handling NRA violations which are to come to it both from NRA, and also direct from public or competitors who think codes are violated, but assert that they do not get satisfaction from NRA.

## Leaks on Airmail?

Whispers about huge profits made on advance leaks of cancellation of airmail contracts continue to circulate. No doubt the tip to sell airline stocks was very general, but best information is this was merely on the obvious probability. An investigation of alleged short sales might be highly embarrassing to several Senators alleged to have played their hunches in Wall Street.

# "I'm tired of Playing blind man's Buff!"



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Please tell us how the new National Accounting Systems can give us complete, up-to-the-minute information about our business.

Name..... Title.....

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A salesman has wired that he can secure a large order if he can accept it at a certain price. The President, Sales Manager, Factory Manager, and Auditor meet to decide the question.

★

**PRESIDENT:** Here's the telegram from McGowan—says he can get the order if we'll wire an O.K. on the price.

**SALES MANAGER:** I'd wire acceptance—the worst we could do is break even.

**PRESIDENT:** Break even? On an order this size we could lose our profits for a month. I'm not going to O.K. it until I know what these things will cost to make!

**FACTORY MANAGER:** I think they'll cost about \$4.50.

**PRESIDENT:** About! We can't do business on guesswork today—we have to know!

**AUDITOR:** I'm sorry we haven't been able to give you those cost figures. Our department is simply snowed under with work.

**PRESIDENT:** Well, we can't go on this way. What do you suggest?

**AUDITOR:** I'd like to put in a National Accounting System. Our accounting system needs speeding up all along the line. We're not only slow in getting cost figures, but we're always behind with our posting. We are never sure about our inventories. We have to wait until the end of the quarter to find out how we stand. And statements never go out on time. That's why collections are so terrible and why we have to borrow so much money.

**PRESIDENT:** Well, I'm tired of playing blind man's buff... we can't do it in times like these.

**AUDITOR:** You're right! I'll ask the National man to come over and give us his recommendations.

\*\*\*

With a National Accounting System you can have accurate facts about costs and all other vital information about your business any hour of the day. You can get your statements out on time—convert accounts receivable into cash more quickly—and borrow less money. You can keep your inventories on a sound operating basis—have a better current ratio between assets and liabilities. Mail the coupon for complete information today.



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# BUSINESS WEEK

FEBRUARY 24, 1934

## Banks for Industry

**Intermediate credit banks to make loans for industrial equipment meet Roosevelt's approval, but he leans to Brain Trust idea of strictly controlling expansion.**

WASHINGTON—President Roosevelt has virtually approved a plan for government intermediate credit banks, with a total capital of \$300 millions, one in each of the 12 Federal Reserve districts, for the purpose of financing and stimulating the capital goods industry.

Actually the Federal Reserve banks could, under the law as amended, make such loans themselves if they desired, but for reasons satisfactory to themselves, they have not done so. The one exception, according to information which has reached the White House, is Atlanta.

The decision is the outcome of what has been a rather interesting division of opinion inside the Administration. One group, headed by Secretary of Commerce Roper and Chairman Jesse Jones, of the Reconstruction Finance Corp., has been all for stirring up the banks and getting them out of their blue funk.

The more radical group, comprising Professor Tugwell and other members of the forward-lookers in the Brain Trust, has been all for the government taking over this function as another step in the direction of more complete domination of all credit by the government, aiming chiefly at the control of industry program.

### Troubles from Birth

The new banks will have quite a problem on their laps from the moment they open. The chief advocates of the new plan want them to exercise the control of industry function. They want them to study the loans requested not from the purely banking standpoint, but from the standpoint also of whether the productive capacity of the country in that particular line can stand the expansion proposed under the loan. Thus if a shoe manufacturer wants to expand his plant, and seeks a loan of \$1 million for two years, purposing to buy new machinery and erect a new structure, the Brain Trust advocates of the new government banks would have the loan committee say "No" very promptly and emphatically.

Reason? The shoe manufacturing capacity of the country, according to Brain Trust figures, is already at least 3 times the capacity of the country to

use up shoes—even with Madame Perkins' attempts to stimulate shoe consumption in the South figured in.

Exception is made, of course, if the manufacturer seeking the loan has a new process for making shoes which would permit their manufacture and sale at smaller cost. This might play even more havoc with existing shoe manufacturers than another plant with no special or new handicaps over the rest, but the Brain Trust figures it cannot consistently stand in the path of progress.

So the capital goods industry, for the aid of which in part at least the new banking system is designed, is not going to benefit to anything like the extent to which it might if the banks were concerned only with making loans, providing the Brain Trust ideas prevail. And the probability at the moment seems to

be that they will prevail, for the President is very much in sympathy with them. He wants to avoid duplication of productive capacity as much as his most radical adviser.

Chairman Jones, of RFC, is not too pleased with the development. He prefers a system under which there would be private banking capital as a buffer between the federal agencies and the would-be borrowers. He holds the same view on this as on many short-term credits. His view is that nearly all bankers have been shell-shocked and lazy. Shell-shocked from fear, and lazy because they would not take the trouble to investigate local loans with merit. Banks which have gotten in trouble, he has repeatedly explained in discussions of the problem, are generally banks which loaded their portfolios with foreign bonds.

### Ah, for the Old Days!

In the old days, he has sadly pointed out, bankers took an interest in their local business enterprises. They watched balance sheets, advised and encouraged and warned, and generally regarded themselves as partners.

That is the sort of thing Jones wants to see come back.



**LABOR DUO**—Secretary Frances Perkins explains her views on the shorter week to the House Labor Committee, and Chairman William P. Connery, Jr., of Massachusetts, listens. Though for shorter hours of work, the Secretary was against the Connery bill's arbitrary 30-hour week at this time.

FEBRUARY 24, 1934

# Motors in High Gear

**Production jams fixed, automobile makers speed up to 1929 levels to cash in on the biggest bank of orders since the good old days.**

THE automobile industry, after being stalled by production delays, is at last in high gear, bound for a big year. Over 300,000 men are working, many 3 shifts a day, 6 days a week, this for the first time since 1929. Parts makers and suppliers are rushed: in many cases production is limited only by something here and something there the suppliers can't turn out fast enough. In no case, apparently, is production limited by lack of orders—every maker has a backlog, and the industry as a whole expects to find a ready market for all the cars it can make in the first half of the year.

All this is not just a wild production orgy brought on by now admitted delays in getting dies and introducing new springs, and the resultant pile-up of orders. It's a perfectly good boom. The most conservative count on 2,600,000 units this year; the gamblers talk about an even 3 million. Either way, it figures out something like this:

Most of any year's assemblies are completed in the first 9 months. The last quarter is given to retooling and re-guessing for the following year. Suppose 450,000 cars are made in the fourth quarter. (The output for that period in 1930, when total assemblies hit 3½ millions, was 462,426.) January already is estimated at 155,000 units, February at 270,000; that's 875,000 for January, February, October, November, and December.

## Monthly Average Arithmetic

For the 7 big production months from March to September, there remains an average monthly output of 246,000, if the conservatives are right about their estimated 2,600,000; a monthly average of 303,000 if the year hits the 3 million total.

So when Detroit talks of 325,000 in March, even 400,000 cars in April, Detroit isn't just carried away by excitement but has been figuring simple arithmetic, and calculating the possibilities in what has become practically a seller's market.

Chevrolet is going ahead on the basis of 100,000 cars a month for the next 3 months, maybe 4 months, maybe more than 100,000. Excluding the backlog of dealer orders, Chevrolet for March has the largest single month's retail orders in its history. Chevrolet factory employment has reached a new all-time high of 56,545. The previous record was in June of—naturally—1929. It was 52,847. Chevrolet's Detroit payroll is double that of a year ago; several

thousand are working on knee-action units alone.

Ford made 57,000 in January, has 75,000 scheduled for February, aims to hit 100,000 a month. Pontiac has 25,000 orders on its books, will make 13,000 cars this month, 20,000 in March. Buick is working at the rate of 10,000 a month. Cadillac in January doubled the same month a year ago, February is running three times the production of the same month last year. March and April are scheduled for the biggest output of any two months since 1928. Plymouth built 15,800 cars in the first half of February, has 73,847 orders booked for February and March delivery, will probably turn out 35,000 cars this month. Chrysler would like to get up to 72,000 units on all lines this month, 90,000 in March, with ability to secure materials and parts the limiting factor.

## Hudson Adds Line

Hudson-Terraplane shipments in February will be double February shipments of last year and the year before combined. Daily assemblies exceed 400 units, and a third production line has just been installed at the Hudson plant. Graham-Paige will turn out 2,326 cars this month, has received orders for 3,000, has shipped 1,500.

Packard is reported building 100 a day, Lincoln is doing well. Auburn has got under way, has orders on hand for 3,000 cars, the largest backlog since the sensational year of 1931. The factory output of Airflow Chryslers and DeSotos, small but growing, is sold out for weeks ahead.

Dealer stocks are pitifully small. Some cities have had but a fleeting glimpse of the new models they have heard so much about. Cars assigned to dealers have never been on the floor, stopping only a few hours in the shop for servicing on the way to the customer. Buyers who used to drive in with the old car and drive out with the new now must wait from days to weeks, in a few cases a couple of months.

## Sales Good All Over

Retail sales are uniformly good in all parts of the country, something which hasn't happened in years. Farm areas no longer are a black spot on the sales map—not with government payments coming through. The Atlantic coast region still is the best market, of course, from New England on down. But the Southern cotton belt is also buying cars and so is the Mississippi Valley.

Biggest worry to the dealers is de-

## Automobiles, 1933— Domestic Retail Sales

	1933	% change from 1932
Auburn .....	5,038	—57
Buick .....	43,809	—12
Cadillac .....	3,903	—38
Chevrolet .....	474,493	+47
LaSalle .....	3,709	—4
Oldsmobile .....	35,295	+46
Pontiac .....	85,348	+78
General Motors .....	646,557	+42
Chrysler .....	28,677	+10
De Soto .....	21,260	—16
Dodge .....	86,062	+206
Plymouth .....	249,667	+123
Chrysler Corp. .....	385,666	+102
Terraplane .....	35,831	+25
Hudson .....	2,946	—66
Hudson-Terraplane .....	38,777	+4
Ford .....	311,113	+20
Franklin .....	1,329	—27
Graham .....	10,128	—21
Hupmobile .....	6,726	—33
Lincoln .....	2,112	—34
Marmion .....	86	—94
Nash .....	11,353	—44
Packard .....	9,081	—18
Pierce-Arrow .....	2,152	—20
Reo .....	3,623	—6
Rockne .....	14,554	—14
Studebaker .....	21,688	—13
Willys .....	15,667	—39
<b>Total .....</b>	<b>1,493,794</b>	<b>+36</b>

**SALES RECORD**—Complete figures for last year, based on the R. L. Polk survey, show where manufacturers stand. Though 1933 sales were 36% above 1932, only 8 of the 26 companies shared in the gains.

liveries, customers will wait just so long; competition sometimes shifts from sales points to delivery dates.

Only cloud, now no bigger than a man's hand, on the manufacturers' bright horizon is a certain restlessness of labor. Whatever the larger plans of the Federation may be, the local unions are very close to the dues payers who might like to see a little action for their money. Hence local demands for 20% increases are being made chiefly to keep the boys happy.

## Pantry Check-up

**Cleveland inventory shows where "mother" buys, and what. Quality gains in demand.**

WHAT food the Cleveland housewife "serves up" to her man and family has just been given careful scrutiny in a pantry inventory sponsored by the Cleveland Press, follow-up to one it conducted in 1932 (BW—Aug. 31 '32).

Many interesting new facts are re-

# 1933— Oil Sales

% change  
from  
1932

038	-57
009	-12
003	-38
493	-47
709	-4
295	+46
348	+78
557	+42
677	+10
260	-16
262	+206
667	+123
666	+102
831	+25
446	-66
777	+4
113	-20
329	-27
128	-21
26	-33
12	-34
86	-94
353	-44
081	-18
152	-20
223	-6
154	-14
888	-13
667	-39
794	+36

Business Week  
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vealed, reflecting changes in the times and also the public whim. Quality, for instance, has become a more important factor than in lean 1932. Only 20% of the housewives admitted price was the determining factor this time as against 31% in 1932.

The largest national chain store sells to 23.7% of the women, according to the survey. The progressive local chain gets 37.3%, and the regional chain 9.6%. The national chain increased its business in the high rent districts and suffered a decrease in the low.

Reaching into about 5,400 homes, the inventory was a 2% cross-section of the city, confined to members of the Parent-Teachers' Association. The 1932 project was found very accurate, so advertising agencies, cannery, manufacturers, and store owners followed the latest one studiously. It is estimated that 75% of the women who filled out the 1932 report also were covered in the 1932 questionnaire.

## A Success Story

Most interesting of the food "success" stories in Cleveland last year, as shown in the report, was that of a nationally advertised salad dressing. Introduced in March, it had captured 32.5% of the business by November as the result of a whirlwind sales campaign. Despite this incursion, the largest national chain held onto the volume of its own brand.

As to coffee, 95.6% of the homes had it on their shelves, 20.1% of it being the brand of the largest national chain, though the same chain actually sold 35% of Cleveland's coffee. The leading national brand of coffee sold

14.5% of the customers of the leading national chain and 26.6% of the customers of the leading local chain. As against over 50% of the market 15 years ago, jobbers' brands had 6.7% in 1932, only 2.5% in 1933. In the home, high-priced coffee outlasted the cheapest by around 30%.

Stores distributed 38% of the city's milk at 9¢ a quart, while house delivery of milk accounted for 43.7%, at 10¢. Of the milk sold in stores, 5.8% was at "chiseler's" prices, below that agreed for Cleveland distribution.

## Cannery

### Proposed allocations of cannery pack arouse vigorous opposition.

PROPOSED allocations of the canning pack are encountering strong rebuffs. Committees appointed at the Chicago convention of the National Cannery Association (BW—Jan 27 '34) are having a hard time framing marketing agreements that will be acceptable to the cannery as well as AAA.

Many objectors to allocation and impounding of surplus hold that a fixed minimum price to growers for their crops would be a sufficient curb. But advocates of limiting production insist that allocations are necessary to protect cannery assuming increased costs in raising prices to the farmer.

Hearings on the corn canning agreement, which brought out more opposition than support, were concluded last week in Washington. Declaring that

there is no emergency in corn now, that prices are high and the future unpredictable, Edward B. Cosgrove of the Minnesota Corn Cannery Association urged that the section on allocating areas and quotas be stricken from the proposed agreement. Others asserted that impounding excess over quotas would depress the market and so such excess should be destroyed and paid for out of a common fund; that nothing could be done to prevent this season's pack from going to 20 million cases.

Standing adamant, H. K. Bachelder, chairman of the committee, said the committee felt that minimum prices alone were not enough.

Numerous cannery, said R. C. Paulus of the Northwest Cannery Association, feel that they can't lose by allowing their overpack to be impounded, because prices, in view of the new money policy, are likely to be the same or higher when the surplus is released in 1935.

Further objections were that allocation would prejudice the cannery with established sales outlets, that it would serve to stimulate rather than control production as cannery in bad financially will gamble on an increase in price.

The proposed pea canning agreement was brought up for hearing in Chicago this week, and the committee of tomato cannery was still in conference with AAA officials.

## Rail Wage Tactics

### Carriers ask 15% off, but President sets stage for renewing the 10% wage cut.

THE semi-annual rail wage ball rolled round again on Feb. 15 and again the Administration called the turn, as expected. The managements observed the usual formality of serving notice of a 15% reduction effective June 30, to forestall the unions' demand for restoration of the 10% now deducted from pay envelopes. Informing both managements and unions that "conditions are not yet sufficiently stable to permit of a wise determination of what the wages should be for the future," President Roosevelt wrote that extension of the present agreement in effect since February, 1932, would be of advantage to them and to the entire country.

The managements had to serve notice sometime before June 30 of their intention to cut, otherwise full pay would have been automatically restored on that date. The full wage would put more roads in the red. They would have to borrow and the only place many of them can borrow is the RFC. The Administration is in favor of industrial wage increases but not when it has to pay for them out of its own pocket.

Informal intervention by the White



Business Week

**ANOTHER FORD SHOW**—Ford did not exhibit at the Chicago World's Fair last year. The exposition turned out to be a great success; Ford later put on his own exposition, also a great success. Next summer will see the two successes together, making the Chicago Exposition also the biggest motor show of all time. Here, Henry Ford and Edsel Ford show Rufus Dawes (center) a scale model of their huge exhibit which will cover 11 acres, with buildings and parks.

FEBRUARY 24, 1934

House in the rail wage issue during the depression years has short-circuited the elaborate mediation procedure set up under the Railway Labor Act. Two vacancies now existing on the Board of

Mediation will not be filled by President Roosevelt pending a proposal by Transportation Coordinator Eastman to simplify this machinery for ironing out controversies.

## "Delivery Tomorrow"

**Twentieth Centuries of the freight runs are helping the railroads to meet the challenge of the trucks. When revenue results become more conclusive, the new service will call for new equipment.**

FREIGHT trains all over the United States now rival passenger trains in speed. The Maine Bullet, the Vermont Rocket, the Speed Witch, the Blue Streak, the Katy Komet, and many others with names and numbers equally well known along their overnight trails are racing against trucks that will cover 200 or 300 miles of highway before sun-up.

Shippers demand overnight delivery in their trading area. This service was inaugurated by trucks. The railroads have discovered that only by giving the same speedy service can they compete effectively. And speed over the rails must be coupled with pickup and delivery and low rates on merchandise freight.

That steam again has begun to pick up a load is evident from the cussing of the truckers. But because most of the fast schedules have been put on during the depression, the railroads can show results only in a smaller reduction in tonnage. They are confident, however, that as total traffic increases, they will be able to report a higher proportionate gain by accepting the challenge of the trucks.

### They All Move Faster

All roads have probably speeded up freight service to some extent. The average speed of freight trains increased from 12 m.p.h. in 1925 to more than 15 m.p.h. last year, but this has probably resulted as much or more from lighter traffic during the lean years as from the desire to meet the speed of truck competition.

The trains which pulled out at the beginning of this story are representative of the high-speed service which most of the roads are developing.

The Speed Witch put on by the Pennsylvania and New Haven in 1931 between Baltimore and Boston carries Lynnhaven oysters into Bluepoint and Cotuit territory at 33.7 m.p.h., including stops, over the 412-mile stretch. This month the same roads, in conjunction with the Boston & Maine, inaugurated third-morning delivery service in New England of freight from Chicago and St. Louis and first-morning delivery from Potomac Yard (Washington) of

freight from the South. All 3 trains connect at New York with another which turns the cars over to the Maine Bullet at Cedar Hill, Conn. The new service is available to all classes of car-load traffic.

The Vermont Rocket inaugurated by the Central Vermont and the Boston & Maine July 4, 1932, provides overnight service coupled with store-door pickup and delivery from Boston to Vermont points and second-day delivery in Montreal on freight originating in New York. Since July, 1932, the Lehigh Valley has provided overnight delivery in Buffalo of merchandise freight from Jersey City. Other roads in that territory furnish similar service. New England and the Atlantic states are the happy

hunting ground of the trucks as distances are short.

Trucks out of Chicago, Twin Cities, and Omaha spread themselves all over the map by morning. To meet this competition at Omaha, the Union Pacific takes merchandise freight received up to 5 p.m. and delivers at North Platte, 281 miles, at 8 a.m. Similar service is in effect at other trade centers on its lines. The U.P. says that, by stepping up schedules and cutting rates, it has been able to hold a lot of tonnage. Although its less-than-carload freight continued to drop during the year after this service was inaugurated the decrease was only about 25% of that of other roads in the same territory.

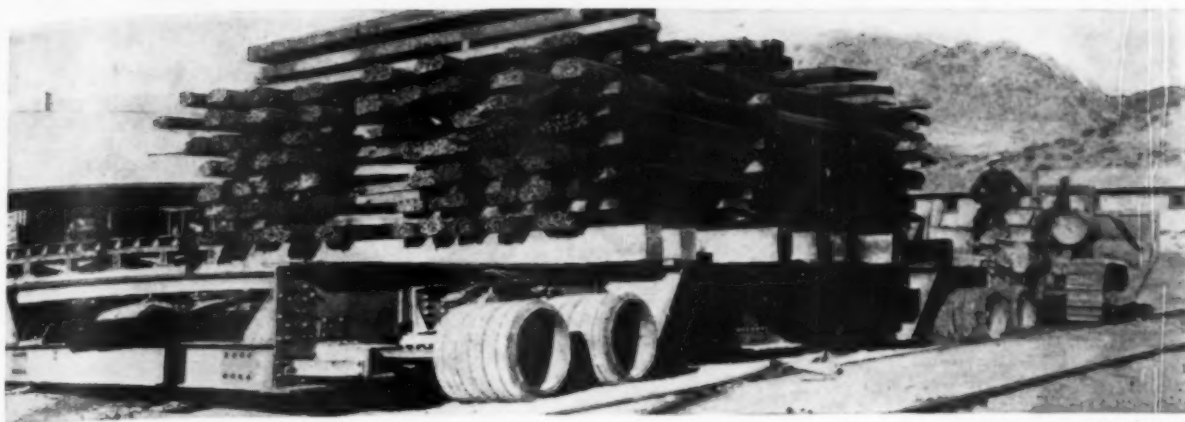
### Southern Speed

The Cotton Belt is building traffic with its Blue Streak, "the fastest freight train in America," which delivers overnight freight from St. Louis to Memphis and Texarkana. M-K-T expects continued increases from the Katy Komet, put on to meet truck competition between Dallas, Fort Worth, San Antonio, and Houston.

Southern Pacific first cut rates to the franchise truck level but its traffic between Frisco and Los Angeles did not pick up much until it put mixed trains over the 471-mile drag in 15 hours southbound, 14 hours northbound. Overnight rather than second-morning delivery is capturing hand-to-mouth



**PRESIDENTIAL INSPECTION**—President Roosevelt gives the Union Pacific's new streamlined 110-mile-an-hour train the "once over" on its Washington visit. With him are W. Averell Harriman (center), chairman, and Carl Gray, president, of the Union Pacific. The train is now on an inspection tour.



Business Week

**BIGGEST ON THE ROAD**—To handle the largest steel pipe in the world for the world's largest dam (Boulder) necessitated the world's largest trailer. It was furnished by C. R. Jahn Co., designed and built in the La Crosse Boiler shops, in collaboration with Bendix-Westinghouse, Ingersoll-Rand, Northern Pump, and Goodyear. It has air brakes, hydraulic steering, individual wheel control to keep the load level no matter what the road. It has 16 wheels on 8 axles, 32 tires. Thus the total load of 185 tons (which is what each section of pipe weighs) is split up so each tire carries a mere 7 tons, the capacity of a good sized truck. Here, tractors pull the trailer with a test load of 194 tons of steel.

merchandise traffic that low rates alone will not attract. The combination of passenger and freight business in one train also is economical. The freight is handled in baggage cars stripped of fixtures.

Fast schedules on fresh fruits, vegetables, and other perishables have been a special feature of the service of numerous roads, but high-speed service is not confined to crack trains. It is developing into something much more comprehensive, typified by the overnight service offered by Texas & Pacific from principal distributing centers to all points on its lines within 325 miles. Cooperation between connecting roads also is expediting inter-line service.

Regular equipment is adequate if schedules can be revised to permit higher road speeds and delays in handling at terminals are shortened. When the revenue results of high-speed service are more conclusive, and pickup and delivery service is more general, a variety of specialized equipment such as freight containers, container cars, and demountable truck bodies may demonstrate their further advantages.

## Truck Code

**Highway carriers like their code, on the whole, but note that it makes life more complex.**

THE trucking industry has finally gotten under cover with a basic code expected to increase employment by 300,000, payrolls by \$260 millions. Leaders think they have saved and refined upon the essentials of the 70-odd codes submitted by various groups at one time or another. Even the most sanguine grant that the results may need amendment before long, but add that they are by

far the best that could be obtained at the present time.

Some skeptics wonder if the code authors have "bitten off more than the industry can chew." They worry about the complications of annual registration, of cost determination and, particularly, of shipping instructions that seem to duplicate the intricacies of railroad methods. These critics observe that one of the important reasons for the success of truck transportation is that it has brought the shipping process down to the rather simple methods followed by the express companies. Under the code, the highway carriers will have to issue freight bills, shipping orders or bills of lading and keep records in regular railroad routine. What with filing tariffs, minimum rates, etc., this sounds like a lot to cramp the style of what, for many operators, has been a highly informal business. And, with the railroads stepping up their freight service, plenty of style is needed these days.

Complications are also found in the code authority setup with its national, regional, state and divisional authorities calling for cash support that may come hard for smaller units in the industry.

Truck company heads are studying the "dead heading" clause of the code. This specifies that, unless a truck is equipped with a sleeping compartment, an employee riding on it as a relief driver must be considered—and paid—as on duty. In the past employees have occasionally spent on the trucks more than double the time they were paid for. The new requirement means that some truckers in long-haul operations must either spend money on modernizing their vehicles or go out of business. Naturally, the choice doesn't make everybody happy.

Despite such obstacles to united support, general feeling in the industry is the code-builders have done a good job. The American Trucking Associations, Inc., represents a majority of the various trucking organizations throughout the country. It says officially that the code is a big step in the right direction.

## Savings

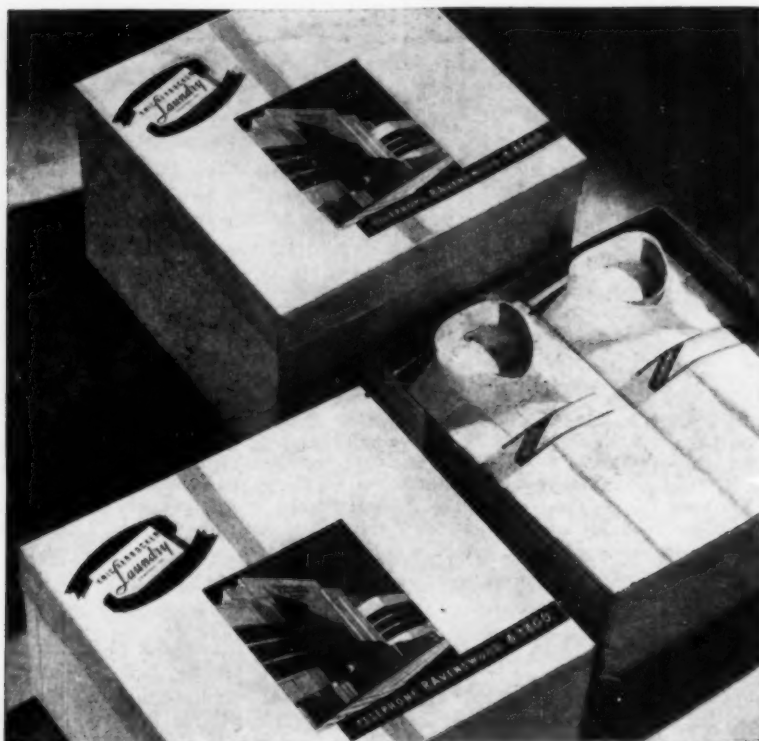
**Dividend rates to depositors in mutual savings banks go down.**

DIVIDEND rates paid to depositors by mutual savings banks dropped roughly one-sixth throughout the country last year. These banks are in 18 states; they were paying an average of 3.31% interest on Jan. 1 this year, against 3.50% 6 months before and 3.94% a year earlier.

Only 8 banks in this group were paying as low as 3% on Jan. 1, 1933, according to a report of the National Association of Mutual Savings Banks. By the first of this year the number had jumped to 257. During the same period, the number of banks paying 3½% went from 181 to 236. Banks paying 4% dropped from 272 in number on Jan. 1, 1933, to 63 the first of this year, and those paying 4½% fell in number from 99 to 0.

In defiance of this trend, the two mutual savings banks in Delaware and the one in Oregon continued to pay the high rate of 4% throughout the whole year.

Lowest rates at the first of this year were being paid by Wisconsin banks, 2.75%. Mutual savings bank depositors increased by 144,583 last year, reached a grand total of 13,413,049 on Jan. 1, 20,000 within the all-time record.



**LAUNDRY BOXES, NEW STYLE**—Shirts, folded, measure 18 x 9 inches, get rumpled in standard 22 x 12 inch laundry boxes. Gair designed the new Knickerbocker box to be 18 x 18 inches. Three different bases, 7, 10, and 13 inches deep, fit the same lid, make possible better (and cheaper) packing with shirts on top, other apparel underneath. Faster to pack, easier to stack in the truck.

*Business Week*

## Laundry Merchandising

**Sale of shirts, sheets, other home items proves the value of delivery contact in consumer distribution.**

BACK in fabulous 1929, Dr. Herbert Hess, merchandising expert of the Wharton School of Finance, got only a mild rise out of a convention of prosperous laundry owners by chiding them for overlooking a vast opportunity at their very door.

"Department stores," cried Dr. Hess, "would be delighted to get the statistical information laundries have . . . The laundry knows, as no one other business can know, what is in the home, what is worn out. It knows the psychological moment to make a sale."

### Tryout First

This seedling idea lay dormant. But depression tears watered it and the fierce competitive sun shone upon it until at last it sprouted and bore fruit. Duralaun Corp., New York, steps out after a cautious experimental period to employ large steam laundries as a sales outlet for home products. Its first offering was a specially made shirt which sold to housewives (the laundry industry has renamed them "home managers") by laundry drivers (the laundry

industry has renamed them "routemen"). Sheets have just been added on the tail of the shirt success. Pillow cases and towels may follow in due course.

The company proceeded with caution before inaugurating its sales idea. Laundries have long protested that consumers blame them for faults in garments. A shirt that tries to garrote its owner after the first washing, or fades, or refuses to iron evenly probably is that way because of unshrunk fabric poorly woven and badly dyed.

Duralaun considered well these things. To circumvent them it went to large laundries and got suggestions on what a shirt ought to be. It didn't try to see how cheap a shirt it could make but how good a shirt it could put out for a popular price.

The result of the study is a garment that sells to the housewife for \$2.45. Its features include hand-turned collars, 3-ply center pleat, form-fitting lines, wide armholes, full-cut sleeves, buttons "sewed on to stay." Fabrics are properly

pre-shrunk. Consummation of the sale is a sweet example of frictionless merchandising.

On its way through the laundry, ironers or other processors note that 3 of Mr. Jones' shirts are fraying at the collar and wearing at the bosom. A cryptic mark placed on the wrapped bundles tells the routeman how many of the shirts are ailing. When he makes the delivery he lets Mrs. Homemanager Jones come to the door.

### The Old Sales Stuff

"Mrs. Jones," he says, giving her the old salesman's smile, "I notice that 3 of Mr. Jones' shirts are about gone. We were very careful handling them, but they are pretty badly worn."

"Oh, yes," says Mrs. Homemanager Jones, flushing guiltily. (In a Eugene O'Neill aside she adds to herself, "How nice of this young man to remind me. Only last week Joe raised Cain because the collar edges sawed his neck. I should have bought him some more this week. But I didn't see any sales that appealed to me.")

Her softened condition makes it easy for the routeman to impress on her the Duralaun shirts, made to laundry specifications. And as a clincher, "They are fully guaranteed." It is a common thing for these shirts to make 100 trips to the laundry without showing signs of discouragement.

This neat artifice earns the good-will of the customer and is a powerful business-builder for the laundry. But that is not all. The laundry makes about 49¢ on every shirt sold and the routeman gets 25¢ for his sales effort. Many drivers add \$10 a week to their wages in this manner. In effect, it is a raise in his pay which costs the laundry nothing. Result, greater loyalty and interest on the part of the driver.

### Circumvents Sheet-Turners

Before deciding on a similar new wrinkle for sheets, Duralaun did a research job in that field. It discovered that the wearing point on sheets is where sleepers' hips press the fabric. Wear is concentrated because the sheet repeatedly is put on the bed with the same end at the top. Guide for this placement is a top hem wider than that at the bottom. Duralaun circumvents the problem by the simple strategy of making both hems the same width. Not knowing which is the "head" of the sheet, the bed-maker sometimes put one end at the top, sometimes the other, thus spreading the area of wear and prolonging the sheet's destiny.

Laundry owners feared at first that the new salesmanship might distract the routeman from his primary purpose of keeping laundry customers happy. Trial showed that such sales improved the standing of the routemen with home managers without lessening their usefulness to the laundry. Duralaun is

# THE SERVICE BEHIND ONE OF THE GREATEST SERVICES EVER ORGANIZED

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There is scarcely a spot in the nation where economical gasoline and oils are not instantly available . . . at low price and remarkably low margin of profit. Efficient service stations are on all important corners, and strung along the highways, usually not much farther apart than a good coast.

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International Harvester has fully won the confidence of the oil and gasoline business — its trucks hauling a great proportion of the industry's burdens.

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Whatever your own line of business, International's performance in it is equally impressive. It will pay you to inspect the new International models at your nearby International Branch or Dealer . . . or to write us. There is a type and size of International Truck for every hauling purpose . . . from  $\frac{1}{2}$ -ton to 7 $\frac{1}{2}$ -ton capacity. Chassis prices, \$360.00 up, f.o.b. factory.

**INTERNATIONAL HARVESTER COMPANY**  
606 S. Michigan Ave. OF AMERICA  
(INCORPORATED) Chicago, Illinois



# INTERNATIONAL TRUCKS

FEBRUARY 24, 1934

13

picking its laundries with considerable care since one of its inducements is allotment of exclusive territories. About 40 laundries are now selling Duralaun products. A national drive is in progress to raise the number to 2,000.

#### Looking Ahead

Laundries in New England have been distributing sheets, towels, bath mats, face cloths to customers, but have been hampered because they did not begin with the solid foundation of research and experiment which underlie the Duralaun company's campaign. Sale of shirts, house linens, etc., has been tried in other localities. In some the effort was traceable to the fact that laundries are large buyers of such items. They are often carried in stock and used to replace linen damaged or lost in the washing.

The auxiliary service of most importance is the addition of cleaning departments in laundry plants. This has been a great help in enabling large laundries to weather the slump. The development is a direct result of new cleaning solvents which are non-explosive.

Formerly, when highly volatile fluids

were in universal use, guards against fire hazards made installation of cleaning plants too expensive. Now cleaning units can be put in one corner of the laundry building without danger and with little alteration cost. Dozens of these outfits are on the market. One with a capacity of 20 suits or 200 dresses an hour requires only 56 by 56 inches of floor space. Testimonial for another sings of a \$60 volume that grew to \$300 the 6th week, with net profits over 40%.

Laundrymen who are selling the cleaning service capitalize the logic of sending out clothes to be cleaned when the weekly laundry bundle is handed over. They also touch on the superiority of large, responsible laundries over questionable hole-in-the-wall agencies which farm out this work.

None of these drives could claim great expectations if it were not for the improvement in the personality and training of drivers signalized by their metamorphosis into routemen. Under the leadership of the Laundryowners National Association (headquarters, Joliet, Ill.) routemen are being carefully schooled in the science of selling.

## Ole Swanson Stages a Comeback

**The farm relief program may be just alphabet soup to some people but the Northwest knows that it's dollars and cents to the farmer and to those who sell him.**

OLE SWANSON, typical Minnesota farmer (*BW*—Oct 14 '33), who lost his farm the spring of 1932 because he was \$1,400 behind in interest payments on the \$10,000 mortgage held by an Eastern insurance company, has his farm back. Last October, a representative of the mortgage holder offered to resell the farm to him if he would assume a \$7,500 5% Federal Land Bank mortgage in place of the \$10,000 mortgage which was held by the insurance company.

The mortgage holder, with Ole as a renter on the farm, has been able to collect as his one-third crop share scarcely enough rent to pay taxes, leaving no return on the mortgage. Hence, the insurance company found it profitable to embrace the offer of the Federal Land Bank to exchange a doubtful \$10,000 6% mortgage for \$7,500 worth of 4% bonds on which the interest was guaranteed. In place of paying \$600 interest, Ole now has to pay \$375 interest, amortization charges postponed for 5 years.

Next, Ole effected a "composition" of his debt by receiving a Commissioner's loan (a second mortgage), from the Land Banks to pay off his debts to

the hardware dealer, implement dealer, and others in town. His creditors had to agree to certain writeoffs. So, all in all, Ole's outside debts have been reduced to about \$400.

Finally, he arranged a loan with the newly organized Commodity Credit Corp. which enabled him to put some of his land in alfalfa and to substitute for his wheat seed, which had begun to deteriorate, the new certified, rust-resistant variety.

All these transactions were made a lot easier for Ole because he could walk into the local office of the Farm Credit Administration where an official arranged for him, not only the long-term mortgages, but the Commissioner's loans and the intermediate credit. This was made possible because of the merger of all the agricultural credit agencies by the Presidential order of May 27, 1933.

A checkup on the figures of the Farm Credit Administration shows that Ole's experience is typical of what is happening all over the country, but particularly in his own Northwest. From Jan. 21 to May 26, 1933, the aggregate of new Federal Land Bank loans was \$14 millions, but from May 27, when the new

Farm Credit Administration began to function, to Dec. 31, the new farm mortgages written totaled \$138 millions. Land Bank Commissioner's loans totaled \$71 millions against \$9,000 in the preceding period; Federal Intermediate Credit loans were \$221 millions against \$59 millions; and the Central Bank loaned out \$27 millions against no such loans in the preceding period. The aggregate of new loans made by the Farm Credit Administration up to May 26 was \$277 millions against \$589 millions from May 27 to Dec. 31.

#### More Blessings for Ole

But Ole's blessings didn't stop with getting back the farm and arranging all of his debts at the lower interest rate. Through the local county agent he has joined the voluntary wheat adjustment program. His crop rotation ordinarily included 30 acres of winter wheat and this was cut down to about 25 acres by his adjustment contract. He has just gotten from the AAA an advance of 20¢ a bushel, a total of \$90, on the winter wheat crop now growing in his fields.

While \$90 isn't great wealth in the city, to the farmer a difference of \$90 in annual cash income is the difference between poverty and reasonable comfort. For the first time in many years Ole's wife has been going to town with actual cash in her purse. And are the storekeepers glad to see her!

A checkup of the figures again shows that Ole's experience is typical. The AAA reports that up to Feb. 2 \$44 millions of checks for winter wheat adjustment had been issued to 520,000 farmers in 35 states. Minnesota received \$516,000; Missouri \$928,000; North Dakota, \$720,000; Iowa over \$1 million; Oklahoma, \$2.4 millions.

In addition, Ole has been the beneficiary of loans at 45¢ a bushel on his corn crop and of benefit payments for selling his inferior brood sows and runt pigs. Best of all, prices of what he is selling have sharply increased. The farm price of wheat is almost 70¢ a bushel, against 32¢ at this time last year; hogs have risen to over \$4 a 100 lb. and are comfortably approaching the \$5 point, against \$2.68 last year; corn is selling for 45¢ a bushel against 19¢ at this time last year. So Ole, his wife, and his numerous progeny have found shelter from the rigors of the depression right on the old place.

#### It Shows in Statistics

Ole's rehabilitation from economic despair and defeat has been mirrored not only in the town where he trades, but in the great industrial and financial centers of the country. The 2 large mail order houses find sales 36% higher in January than they were in January last year. The Northwest is parading telltale figures. The Minneapolis Federal Reserve bank reports January de-

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partment store sales in its district 13% higher; country stores have an increased volume of 32%; bank deposits have gone up 15%; check clearings 25%; freight car loadings 29%, and building contracts 162% higher.

The automobile industry knows what's happening. New car registration in the United States for 1933 totaled 1,493,794, or 36% above 1932. Minnesota's gain was 25%, North Dakota's 33%, South Dakota's 37%, Iowa's 40%, Illinois' 37%, and so on. Increases in new car registration in the last few

months of 1933, when cash began to flow in from the Administration's recovery program, ranged from 100% to 300% in the tall grass country.

Inarticulate Ole is not the kind to be tearfully grateful for what has happened to him. He has a feeling that it was coming to him anyhow. He has behind him a lifetime of hard work and saw no justice in the way his farm and his property were taken away from him by the deflationary process. Nevertheless there is a sneaking admiration for Roosevelt and his Administration.

## Fertilizer's Sales Crop

**More farm money, less farm acreage, AAA restrictions and TVA competition mix the prospects for the fertilizer industry. But tonnage estimates are up.**

WHILE January fertilizer tag sales in 8 Southern states were twice as high as they were a year ago, it is premature either to bewail the nullification of AAA's crop reduction program by larger yields or to rejoice that government policy is booming the fertilizer industry.

The mathematics of the bewailers is unsound. For instance, twice the usual application of fertilizer, or even more, would not increase the cotton crop more than from 15% to 20%. The bulk of the crop is produced through natural soil fertility and regulated by the weather and the boll weevils. Moreover, the spirit and contract of the

AAA crop reduction program provide for a "normal" use of fertilizer and violators can be checked up.

Nor are the rejoicers on sound ground. Four of the major crops, subject to federal curtailment, are cotton, corn, wheat and tobacco. These four crops use over 70% of all commercial fertilizer sold. Genuine acreage curtailment will limit the sales opportunity for fertilizer but the industry is hopeful.

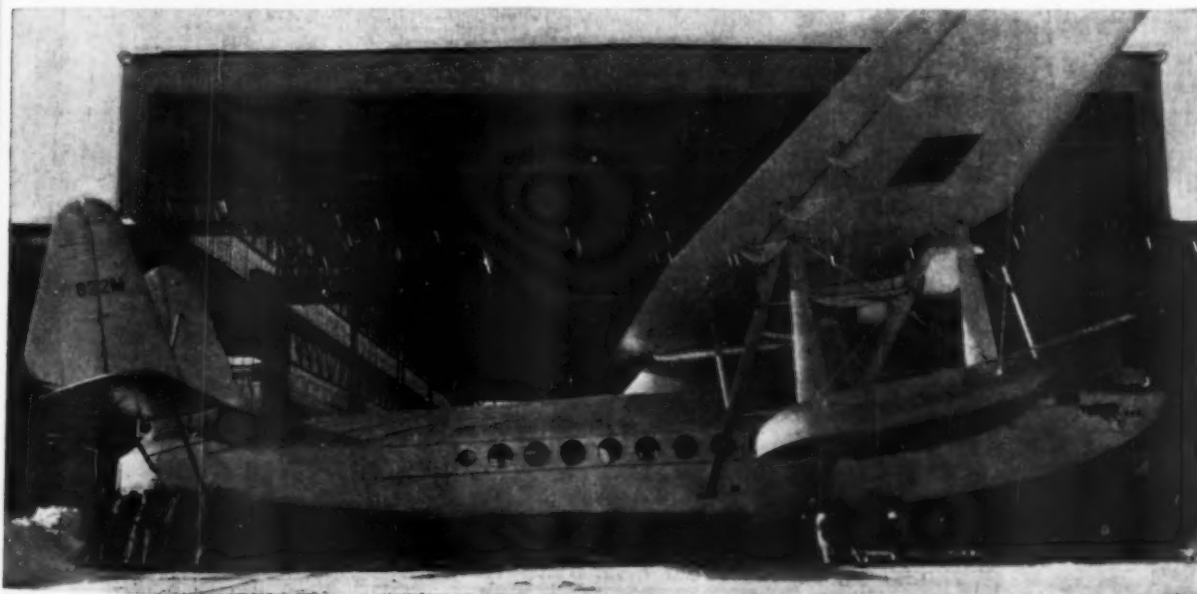
Its 1930 sales of 8.2 million tons represent a peak, perhaps 100% for optimists' reckonings. In the next 2 years, consumption declined to 6.3 million and then to 4.2 million tons, a "low" for recent years. Last year's

sales were 4.6 million tons—and the corresponding figure for 1934, which may be anything from 5.0 to 6.0 million tons, is what occasions the shouting.

Prices for fertilizer are higher this year by 5% to 10%, if one neglects the effect of secret rebates that used to prevail but are now forbidden by code. On the other hand, chemical prices for fertilizer have been steadily lower and reasonably stable in past years and chemical manufacturers outside the fertilizer business have contributed many improvements—synthetic nitrogen products, low-cost potash chemicals of domestic origin, ammonia, and methods for direct use in concentrated form. But the wider spread is still insufficient to help the middle-sized companies or the small fry. Hope for further profit margins lies in improved distribution or higher prices, the latter likely to bring on a governmental attack. Improved distribution practices can come with further elimination of large numbers of unneeded distributors.

### TVA Scares Them

A higher price brings up the spectre of the TVA. Although the TVA plant is to be an "experimental" unit it will manufacture on a large scale. Unless TVA uses this production primarily for regressing of heavily eroded areas, where part of its output will go, nearby producers inevitably will suffer. There are only a dozen commercial fertilizer plants which amount to anything in the Tennessee water shed, but the influence of TVA producers will extend far outside this area, affecting the 30 or 40 regional producers of importance, as well as 300 local enterprises which operate primarily



International News

**OCEAN FLYER**—Workmen at the Sikorsky plant in Bridgeport, Conn., push out the new Pan American airliner, largest ever built in this country. Planned for possible transatlantic use, it goes into immediate service on the South American run.

# NOW ADVERTISING IN FORTUNE

March, 1934

**ABBOTT, HOPPIN & CO.**  
Members New York Stock Exchange  
Agency—J. WALTER THOMPSON CO.

**ALL-YEAR CLUB OF SO. CALIF., LTD.**  
A Southern California vacation (Booklet)  
Agency—LORD & THOMAS

**ALUMINUM COMPANY OF AMERICA**  
Aluminum containers for freighting  
Agency—GARDINER ADV. CO.

**AMERICAN ASPHALT PAINT CO.**  
Various Waterproofing products (Booklet)

**AMERICAN EXPRESS CO.**  
Official agents of the Passion Play  
Agency—THE CAPLES CO.

**AMERICAN SHEET & TIN PLATE CO.**  
Modern grades of Stainless Steel  
Agency—SMITH, SCHUBERT & SMITH, INC.

**AMERICAN-SOUTH AFRICAN LINE**  
Direct passenger service to S. Africa  
Agency—FRANK PETERSON CO.

**AMERICAN TELEPHONE & TELEGRAPH CO.**  
The telephone as a salesman  
Agency—N. W. AYER & SON, INC.

**AMERICAN TOBACCO CO.**  
Lucky Strike cigarettes  
Agency—LORD & THOMAS

**ASSOCIATED GAS & ELECTRIC CO.**  
Consultants served by Associated System  
Agency—DANIEL STUBBS & STAFF

**AXTON-FISHER TOBACCO CO., INC.**  
Good—mild—cool cigarettes  
Agency—KENTON & ECKHARDT, INC.

**BAD NAUHEIM**  
Bought for your health and heart  
Agency—SMITH, STUBBS & MOORE, INC.

**JAMES W. BELL & CO.**  
Gentlemen's tailors—formal day attire  
Agency—KRECH & BUCK

**BUICK MOTOR CO.**  
Picks about the new Buick  
Agency—CAMPELL-EWALD CO.

**CANADIAN PACIFIC RAILWAY CO.**  
To Honolulu and the Orient (Booklet)  
Agency—KENTON & ECKHARDT, INC.

**CHESAPEAKE & OHIO RAILWAY**  
The George Washington  
Agency—CAMPELL-EWALD CO.

**CHEVROLET MOTOR CO.**  
An appeal to the commissaire  
Agency—CAMPELL-EWALD CO.

**CHRYSLER SALES CORP.**  
Airflow Chrysler in four models  
Agency—LEE ANDERSON ADV. CO.

**CLARK GRAVE VAULT CO.**  
Five-piece metal grave vault  
Agency—HUNT & McDONALD, INC.

**COLDWELL LAWN MOWER CO.**  
Rolling and mowing in one operation  
Agency—MOORE ADV. CO.

**COMMERCIAL NATL. BANK & TRUST CO.**  
Loans for business needs  
Agency—LORD & THOMAS

**CONTINENTAL CAN CO.**  
Oil in metal cans  
Agency—BARTON, BARTON, DUBISTON & THORNTON

**CONTINENTAL DISTILLING CORP.**  
Triple Rye Gin  
Agency—AL PAUL LEFSON CO.

**CRANE & CO.**  
A watchmaker uses Crane's papers  
Agency—CALKINS & HOLDEN

**CUNARD LINE**  
Liner and clipper ship comparisons  
Agency—L. D. WERTHEIMER CO., INC.

**CURTIS AEROGAR CO., INC.**  
A "working" toy on wheels (Catalog)  
Agency—LOOMIS & HALL, INC.

**DANUBE PRODUCTS, INC.**  
Royal Tokay Wines of Hungary (Brochure)  
Agency—FULTON & SMITH & BROS., INC.

**J. C. DEAGAN, INC.**  
Tissue clothes for motorists  
Agency—ROBERTS-GARD ADV. AGENCY

**DEL MONTE HOTEL**  
Historic sketch of California, 4th of series  
Agency—LORD & THOMAS

**DE SOTO MOTOR CORP.**  
Features of the new Airflow De Soto  
Agency—J. STIRLING GUTCHELL, INC.

**ELSIE DE WOLFE**  
Indirect lighting in the home  
Agency—MARION, INC.

**DICTAPHONE SALES CORP.**  
Automatic Monitor on new Model 13  
Agency—McCANN-ERICKSON, INC.

**DOMINICK & DOMINICK**  
Members New York Stock Exchange  
Agency—J. WALTER THOMPSON CO.

**R. R. DONNELLEY & SONS CO.**  
Litho Press, complete printing service  
Agency—FREDERICK & MITCHELL, INC.

**DYER, HUDSON & CO.**  
Members New York Stock Exchange  
Agency—ALBERT FRANK-GUNTHER LAW, INC.

**EASTMAN KODAK CO.**  
Cine Kodak "K" for home movies  
Agency—J. WALTER THOMPSON CO.

**THE EGGY REGISTER CO.**  
Eggy Food Food for filling  
Agency—THE PROCTER & COLLIER CO.

**FARMER'S DEPOSIT NATIONAL BANK**  
Limited with Life Insurance Industry  
Agency—KETCHUM, MacLEOD & GROVE, INC.

**FIRESTONE TIRE & RUBBER CO.**  
Process of Gum-Dipping Firestone Tires  
Agency—SWENNEY & JAMES CO.

**FISHER BODY CORP.**  
Body by Fisher—No Draft Ventilation  
Agency—KEVIN, WARE & CO.

**FLEETWOOD HOTEL**  
A DeWitt operated hotel in Miami Beach  
Agency—CHARLES L. BURNS

**FRANKFORD DISTILLERIES, INC.**  
Post Jones and Antique whiskeys for Juleps  
Agency—YOUNG & RUBICAM, INC.

**FRENCH LINE**  
Life on board France-Afloat  
Agency—N. W. AYER & SON, INC.

**FRIGIDAIRE CORP.**  
Air Conditioning  
Agency—THE GREEN CO.

**GENERAL ELECTRIC CO.**  
Lamp testing service  
Agency—FOSTER & DAYTON, INC.

**GERMAN TOURIST INFORMATION BUREAU**  
1914 Passen Play at Oberammergau (Booklet)  
Agency—SMITH, STUBBS & MOORE, INC.

**GEYER-CORRELL CO.**  
The working control of events

**GODDERHAM & WORTS, LTD.**  
American Bourbon and Rye; Canadian Whiskey  
Agency—FLETCHER & ELLIS, INC.

**GOODSPEED'S BOOKSHOP, INC.**  
A first edition for sale  
Agency—MATTHEW M. OBERGREN

**GOODYEAR TIRE & RUBBER CO., INC.**  
All-Weather tread for wet pavements  
Agency—KEVIN, WARE & CO.

**GRAY & LAMPEL, INC.**  
Syringing and mull (Lettres)  
Agency—BIRMINGHAM, CARTERMAN & PIERCE

**GREAT NORTHERN RAILWAY**  
A Glacier Park vacation  
Agency—KEVIN, WARE & CO.

**GULF REFINING CO.**  
Furnaces of petroleum products  
Agency—YOUNG & RUBICAM, INC.

**H. F. HALL PRINTING CO.**  
Nationalism through magazine advertising  
Agency—McCANN-ERICKSON, INC.

**HARRISBURG PIPE & PIPE BENDING CO.**  
Forged and seamless steel  
Agency—ROBERTS-GARD ADV. AGENCY

**HERCULES POWDER CO., INC.**  
Chemical products and their uses  
Agency—CROSS & LARSEN, INC.

**M. HONNER, INC.**  
Faint conditions (Booklet)  
Agency—ATKENTON & CURRIER, INC.

**HORNBLLOWER & WEEKS**  
Members New York Stock Exchange  
Agency—ALBERT FRANK-GUNTHER LAW, INC.

**HOTEL PIERRE**  
The Continental and Neutone Towers  
Agency—ANDREW COLE AGENCY

**INDIA STATE RAILWAYS**  
Two weeks in Southern India  
Agency—KENTON & ECKHARDT, INC.

**INTERNATIONAL SILVER CO.**  
Gashion—on 18th century design  
Agency—YOUNG & RUBICAM, INC.

**INTOURIST, INC.**  
Seeing the U. S. E. D. (Booklet)  
Agency—SMITH, STUBBS & MOORE, INC.

**JACOBSEN MFG. CO.**  
Four new models in four models  
Agency—WESTERN ADV. AGENCY

**JOHN HANCOCK MUTUAL LIFE INS. CO.**  
Annuity Income (Booklet)  
Agency—LIVEMORE & KIRBY CO.

**JONES & LAUGHLIN STEEL CORP.**  
Eighty-three years of experience  
Agency—KETCHUM, MacLEOD & GROVE, INC.

**KELVINATOR CORP.**  
Four refrigerators in one  
Agency—BROOKER, SMITH & PIERCE, INC.

**KIMBERLY-CLARK CORP.**  
Kierfeet printing paper  
Agency—FREDERICK & MITCHELL, INC.

**LABOURETTE & CO., INC.**  
Mint & Chandon Champagne  
Agency—BARTON, BARTON, DUBISTON & THORNTON

**R. A. LASLEY, INC.**  
Fact finding for management

**LIBERTY MAGAZINE**  
Reflecting currents of interest (Booklet)  
Agency—FLETCHER & ELLIS, INC.

**LINCOLN MOTOR CO.**  
The Lincoln Motor Loan when  
Agency—N. W. AYER & SON, INC.

**MATSON NAVIGATION CO.**  
Pacific travel  
Agency—BOWMAN-THORNTON-CUMMINGS, INC.

**THE R. C. MAXWELL CO.**  
Electric signs for outdoor advertising

**McCALL CO.**  
The New McCall's in three sections  
Agency—BARTON, BARTON, DUBISTON & THORNTON

**McNEEL MARBLE CO.**  
Builders of Memorials (Catalog)  
Agency—BROOKER, SMITH & PIERCE, INC.

**MEREDITH PUBLISHING CO.**  
Successful Farming  
Agency—BARTON, BARTON, DUBISTON & THORNTON

**METROPOLITAN LIFE INSURANCE CO.**  
The "Growing Pains" Collection  
Agency—HAWLEY ADV. CO.

**HILLS NOVELTY CO.**  
Vending machine manufacturers

**NATIONAL CASKET CO., INC.**  
An explanation (Booklet)  
Agency—BARTON, BARTON, DUBISTON & THORNTON

**NATIONAL STEEL CORP.**  
Its various steel-producing units  
Agency—BARTON, BARTON, DUBISTON & THORNTON

**ALFRED NELSON CO.**  
Tailors—brothers makers  
Agency—KRECH & BUCK

**NISSAN YUSEN KAISHA LINE**  
Summer round trip rates to Japan  
Agency—THE CAPLES CO.

**NUNN-BUSH WELDON SHOE CO.**  
Ankle-fashions of the  
Agency—NEISSER METERSHOFF, INC.

**OHIO ELEVATOR CO.**  
Country-wide Maintenance Service  
Agency—N. W. AYER & SON, INC.

**OUTDOOR ADVERTISING, INC.**  
On the job morning, noon, and night  
Agency—UNITED ADV. AGENCY, INC.

**PACKAGE MACHINERY CO.**  
Machines for particular types of wrapping  
Agency—JOHN C. FOWERS CO.

**PACKARD MOTOR CAR CO.**  
New way to choose a car  
Agency—YOUNG & RUBICAM, INC.

**PARK & TILFORD IMPORT CORP.**  
Val 49 Liqueur Scotch Whisky  
Martell's Cognac Brandy  
Heldaleck Dry Monopole Champagne  
Booth's Gin  
Agency—CHARLES M. STORM CO.

**PATERSON PARCHMENT PAPER CO.**  
Parchment—the vegetable parchment  
Agency—PLATT-FORBER, INC.

**PICTORIAL REVIEW**  
An advertisement for men who stay bills  
Agency—PHILIP KOSKE, INC.

**PIERCE-ARROW MOTOR CAR CO.**  
A frequent comment on 1934 Pierce-Arrow  
Agency—BARTON, BARTON, DUBISTON & THORNTON

**E. A. PIERCE & CO.**  
Members New York Stock Exchange  
Agency—J. WALTER THOMPSON CO.

**PITTSBURGH PLATE GLASS CO.**  
Duplate Safety Plate Glass  
Agency—B. B. D. & O., INC.

**PLYMOUTH MOTOR CORP.**  
Mr. Chrysler discusses the Plymouth  
Agency—J. STIRLING GUTCHELL, INC.

**PREMIER-PARIS SALES CO.**  
Paris Blue Ribbon Beer  
Agency—MATTHEW FOGARTY-JORDAN CO.

**QUAKER STATE OIL REFINING CO.**  
A woman endorses Quaker State  
Agency—KENTON & ECKHARDT, INC.

**THE RED RAVEN CORP.**  
Rilly Bally Highball Spilla  
Agency—ALVIN ADV. AGENCY

**REMINOTON-RAND, INC.**  
Famous Awarding Machines  
Agency—FRETSTADT-JURANDER, INC.

**REPUBLIC STEEL CORP.**  
Modern uses of steel  
Agency—BROOKER, SMITH & PIERCE, INC.

**R. J. REYNOLDS TOBACCO CO.**  
Mrs. James Russell Lowell endorses Camel  
Agency—WILLIAM BENT & CO., INC.

**RITZ-CARLTON HOTEL**  
The Ritz Restaurant for lunch or dinner  
Agency—FRANK PETERSON CO.

**RUTHRAUFF & RYAN, INC.**  
Continental Europe from 1912

**SNICK DRY SHAVER, INC.**  
Shaver razors  
Agency—BROOKER, SMITH & PIERCE, INC.

**E. M. SCOTT RADIO LABORATORIES, INC.**  
Custom-built, all-wave radio  
Agency—KIRTLAND-ENGEL CO.

**O. M. SCOTT & SONS CO.**  
Scott's Creaming Soda for home (Booklet)  
Agency—THE JAY H. SMITH CO.

**EDWARD B. SMITH & CO.**  
Members New York Stock Exchange  
Agency—ALBERT FRANK-GUNTHER LAW, INC.

**H. A. & E. SMITH, LTD.**  
Polo coats  
Agency—WALKER ADV. CO., INC.

**SOCONY-VACUUM CORP.**  
Gasoline lubricating oils  
Agency—THE BUCKLEMAN CO.

**E. R. SQUIBB & SONS**  
Squibb's Dental Cream  
Agency—GUTER-CORRELL CO.

**STERLING ENGINE CO.**  
Diesel oil engine (Catalog)  
Agency—ADDITION-VAR, INC.

**STROMBERG-CARLSON TELEPHONE MFG. CO.**  
Loud speaker in ceiling or wall  
Agency—STUBBS & MOORE, INC.

**STUDEBAKER CORP. OF AMERICA**  
Berline limousine - Sedan  
Agency—ROBERT WILLIAMS & LUTHERMAN, INC.

**A. SULK & CO.**  
Food in lunch, low cost and home  
Agency—KRECH & BUCK

**SWISS FEDERAL RAILROADS**  
Mountain Republic scenery  
Agency—DUBLANE INTERNATIONAL, INC.

**TALBOT J. TAYLOR, JR., INC.**  
Estate with lake and island  
Agency—CHARLES-ERICKSON, INC.

**W. A. TAYLOR & CO.**  
Martell & Remy Vermouth  
Jansons Irish Whisky  
Agency—RICHARDSON, ALLEY & RICHARDSON

**TECLA CORP.**  
Culture pearls from Oriental water beds  
Agency—H. E. LERAN ADV. AGENCY, INC.

**J. WALTER THOMPSON CO.**  
First in Good Housekeeping's annual report  
Agency—MATTHEW FOGARTY-JORDAN CO.

**THIRMAN-BROTHERS**  
English dreslin  
Agency—WALKER ADV. CO., INC.

**F. R. TRIPPLER & CO.**  
Convert coats for men and children  
Agency—FEDERAL ADV. AGENCY

**UNION CASTLE LINE**  
South Africa via England  
Agency—L. D. WERTHEIMER CO., INC.

**UNITED FRUIT CO.**  
Crabbing on the Great White Fleet  
Agency—WARRICK, P. CULLEN CO.

**UNITED STATES LINES**  
Cabin liner service to Europe  
Agency—LORD & THOMAS

**HIRAM WALKER & SONS**  
Canadian Club Whiskey  
Agency—CAMPELL-EWALD CO.

**WAYNE OIL BURNER CORP.**  
Wayne's Oil Burner  
Agency—BOWMAN, INC.

**WAYSIDE GARDENS CO.**  
Snow-blooming Christmas Rose  
Agency—TUTTILL ADV. AGENCY, INC.

**WESTON ELECTRICAL INSTRUMENT CORP.**  
Vacuum Clock Exposure Meter  
Agency—O. M. BARTON CO.

**WETZEL**  
Gentlemen's tailors for fifty years  
Agency—LORD & THOMAS

**WHAT CHEER LAUNDRY CO.**  
Dishant cleaning service  
Agency—DANIELSON & SON

**WHITE ROCK MINERAL SPRINGS CO.**  
White Rock combination  
Agency—VERDELL-ELBERT CO., INC.

**R. C. WILLIAMS & CO.**  
Merrier Champagne—vintage of 1914  
Agency—BLANK ADV. AGENCY

**H. WOLFF**  
Special bindings of Fortune  
Agency—BARTON, BARTON, DUBISTON & THORNTON

**RUDDOLPH WULFELTZER CO.**  
Residence Pipe Organ (Brochure)  
Agency—THE KRECH & BUCK

**YORK ICE MACHINERY CORP.**  
York air conditioning  
YOUNG & RUBICAM, INC.  
A quotation from Mark Twain

Fortune ITSELF IS THE BEST REASON FOR ADVERTISING IN Fortune

IN JANUARY, advertisers bought more linage in FORTUNE than in any previous January—112% more than last year—more, indeed, than they bought in any monthly (or semi-monthly) publication, including all women's magazines. Only The Saturday Evening Post, Time, The New Yorker, and Collier's—all weeklies—carried more January linage than FORTUNE.

IN FEBRUARY, FORTUNE showed an 88% gain over February, 1933—and carried more linage than any non-weekly publication (excepting only Vogue, and Motor Boating's Show Issue), and including all other women's magazines. (Weeklies' figures not yet available.)

THE MARCH FORTUNE CARRIES MORE LINAGE THAN ANY ISSUE IN FORTUNE'S HISTORY, AND REPRESENTS A GAIN OF MORE THAN 125% OVER THE ISSUE OF MARCH, 1933.

## THE CONFIDENCE

### OF THE PEOPLE WHO MAKE THE WHEELS GO 'ROUND

Advertisers are flocking to FORTUNE because they know it is delivering the editorial goods.

*The novelty is long since gone out of FORTUNE.* For at least three years now, subscribers have renewed @ \$10-a-year and new subscribers have sent in their checks for \$10 "over the transom" because of something else besides handsome pictures and a striking format.

The plain fact is that FORTUNE would have a very substantial circulation\* at \$10 a year even if its text were mimeographed on wrapping paper and served up without benefit of illustration—and therein lies its real triumph.

FORTUNE long ago discovered that the easy or opinionated generalities of professional writers-of-articles failed to excite men of large affairs, who could see at a glance that they knew more than the writers. FORTUNE, therefore, put no faith in "contributors", but relied entirely on stories worked over and reworked many times by its own staff. To learn more than the best-informed about every subject it touches and to offer its findings clearly and dramatically—this has been the ideal of FORTUNE from its inception.

FORTUNE had to evolve a new technique of research and apply it to subjects loaded with dynamite. The result has been a succession of notable and revealing stories—the hard won fruit of resourceful investigation, of expensive travel, of contacts in high places, of endless puzzling and rewriting.

FORTUNE's reward is the continued presence on its subscription list of thousands of men whose names at once suggest success, profound experience, inside knowledge, and a *vast skepticism regarding people who write.*

FORTUNE has won the confidence and the eager interest of men and women who move in the best-informed circles. They are now turning to FORTUNE for new insights into the complex relationships of Recovery. To many of the ablest men in industry, government, and finance FORTUNE has become the most important single magazine in America.

The shrewdest buyers of space are leading the parade of advertisers into FORTUNE. They know that its big pages enjoy the confidence of the people who make the wheels go 'round.

\*FORTUNE @ \$10-a-year now attracts more than 90,000 subscribers—without benefit of promotion—without the usual circularizations, without selling crews, without cut rates. FORTUNE's only circulation "tricks" are to encourage subscribers at Christmas time to give gift subscriptions to friends @ \$10 for the first subscription and \$7 for each other; and to permit 4,675 advertising men to have the magazine @ \$5 a year, in lieu of a free-list. Beyond this no one gets FORTUNE at less than \$10 a year.

Fortune *ITSELF IS THE BEST REASON* Fortune  
FOR ADVERTISING IN

as dry mixers; that is, do not make chemicals or superphosphate.

Interested companies are principally the "Big 7," which produce and market nationally. In the order of their sales in past peak years, they include Ameri-

can Agricultural Chemical Co., Davison Chemical Co., Armour Fertilizer Works, International Agricultural Corp., Virginia-Carolina Chemical Corp., Swift & Co. Fertilizer Works, F. S. Royster Guano Co.

## Newspaper Code

**President Roosevelt "approves" articles of fair competition for the press but adds some caustic comment.**

BECAUSE of the political power of the press and the clamor it raised over alleged invasion of its rights, the newspaper code has been about the toughest of all for the Administration to handle. It has now been approved, with qualifications, by the President to take effect Feb. 26. Publishers are still jumpy because Mr. Roosevelt can at any time cancel or modify his endorsement. Caustic comment in the executive acceptance and demands for reexamination of certain features indicate that apprehensions are natural.

### Freedom of Press Preserved

During negotiations several papers filled the air with loud cries, claiming that the freedom of the press was in danger and that the Administration was going to license the publishers. To allay this skittishness Article VII was placed in the code. Under it the publishers do not "waive any constitutional rights, or consent to the imposition of any requirements that might restrict or interfere with the constitutional guarantee of the freedom of the press."

Roosevelt and Johnson both go out of their way to attack Article VII and—what is worse—to ridicule it. The General bitingly observes, "As for the fears as to the licensing of the press, no expressor of the fears has ever cited any statement or act by any responsible government official which contemplated the use of the licensing power." The President is even more sarcastic: "Of course nobody waives any constitutional rights by assenting to a code." The "freedom of the press clause" has "no more place here than would the recitation of the whole Constitution or of the Ten Commandments. The freedom guaranteed by the Constitution is freedom of expression and that will be scrupulously respected—but it is not freedom to work children, or to do business in a fire trap or violate the laws against obscenity, libel, and lewdness."

The President is frankly dissatisfied with labor provisions governing child labor. A special report and recommendation on this subject is ordered. Also hours and wages for news departments shall be determined within 60 days. ("Difficulties prevented the formulation of any general rule" in this re-

spect.) Mr. Roosevelt suggests a 5-day, 40-hour week for reporters on large papers as a means of increasing the number of jobs.

With exceptions, the 40-hour week and the 8-hour day become the standard of the code for mechanical employees. White collar pay minima run from \$11 a week in small cities to \$15 in large ones, with office boys, etc., getting 70% of the base rate. The president of the American Newspaper Publishers Association becomes chairman of the 10-member Code Authority. Personnel of this body is to be appointed by this and other associations. Controversies will be settled by an Industrial Board consisting of 4 publisher members designated by the Authority and 4 employee members nominated by the NRA Labor Advisory Board for approval by the administrator. These eight may choose a ninth member to act as an impartial chairman in case of a deadlock.

## Code Hearings

CODE hearings for next week, reaching a total of some forty in anticipation of the planned lull during the Code Authority Conference, Mar. 5-8, include: Feb. 26—lumber and timber products, cotton garment, underwear and allied products, blue crab, cylinder mould and dandy roll, canned salmon, candy manufacturing, inland water carrier transportation in Southern Div. of U. S., preserved and glacé fruit; Feb. 27—paper and pulp, millinery industry, cotton garment, crushed stone, sand and gravel and slag, rayon and silk dyeing and printing, shoe last, shoe form, copper industry, food brokers, millinery; Feb. 28—toll bridge, paper and pulp, inland water petroleum carrier in Eastern Div. of U. S., wholesale confectioners, kalamain; Mar. 1—marking devices, traffic control signs and signals, advertising metal sign and display, auto rebuilding and finishing, textile examining, shrinking and finishing; Mar. 2—outdoor amusement park, pool and beach, corrugated, rolled, metal culvert pipe, mop stick, pasted shoe stock; Mar. 3—handkerchief, malleable iron, domestic freight forwarding.

## Fat in the Fire

**Distressed dairymen, seeing butter stocks pile up, want heavy tariff on foreign oils. The soap makers object.**

WITH storage stocks of creamery butter at 111 million pounds, compared with 22 million pounds last year, dairymen are eyeing the 297 million pounds of coconut oil and 331 millions pounds of copra seed that is coming annually to the United States from the Philippines, besides other fats and oils from other countries. The January farm price of butter, at 16¢, in face of higher prices for feeds because of the rise in grains, explains why irate dairymen are pushing the revenue bill which has been introduced in the House of Representatives assessing 5¢ on each pound of coconut oil and sesame oil used in the United States.

In fact, farmers want the bill amended so that the tax will also apply to the importation of all palm oil, whale oil, sunflower seed oil, palm kernel oil, and imported fish oil. The idea back of the measure is to give the American farmers the full benefit of the home market.

### Body Blow to Soapmakers

The usual complications have promptly developed. Chicago soap manufacturers see in the measure a body blow to their industry. Practically all coconut imported into this country now comes from the Philippines, duty free, with about 80% being used in the production of soap and the remainder going to the confectionery, baking, oleomargarine, and other trades. The oil is now being laid down in Chicago at 3.02¢ a pound and the tax would increase it to 8.02¢. The effect, soap makers claim, will be to force a 50%-100% rise in the price of soaps to consumers.

The contention also is made that foreigners could profitably invade the American market with soaps even after paying a duty of 15% ad valorem, with the result that many American makers may be forced out of business. Unfortunately, years of research have failed to produce a satisfactory substitute for coconut oil.

The measure also is a blow at the copra industry in the Philippines and on the Pacific coast, with an investment of \$50 millions in crushing plants, not to mention ships, tank cars, and other equipment. Trans-Pacific shipping lines are vitally concerned, because copra and coconut oil make up the second largest item in their freight traffic.

Furthermore, the American Hospital, Protestant Hospital, and Catholic Hospital Associations, in a joint protest, express the fear that their soap bill may be increased \$25 millions annually.

## Coal Code

Bituminous miners think code, already doing well, would do better if all competitive fuels could be brought into one big control scheme. Small operators flourish.

FOUR months of operation under their NRA code finds constructively thinking members of the bituminous coal industry favorably impressed with its results. *Coal Age*, following an exhaustive survey, concludes that code operation is laying a new economic foundation for coal mining. Competitive practices have improved even in districts where, for various reasons, operators have not yet been able to cash in.

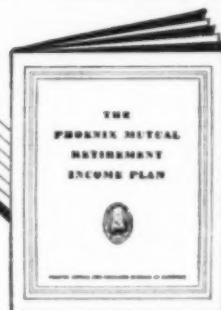
### Code Criticism

Wherever criticism of the code and its application is heard, emphasis is placed on 3 major points. These are: (1) urgent need for correlating intra- and inter-divisional prices; (2) need for more effective policing of small mines; (3) the feeling that prices for coal, oil and gas should be correlated on a fair competitive basis. While there is no direct provision in the code for correlation of prices, this is quite generally considered indispensable to its proper functioning.

Some delays in code effects have been charged to inadequate facilities at Washington for suitable and prompt cooperation with the Code Authorities. The point is also made that, while the code went into operation last Oct. 2, Presidential action in appointing Administration members of the various Code Authorities was held up until late in November, and the personnel of the National Bituminous Coal Industrial Board was not completed until February. Meanwhile, controversies that arose, such as that between Indiana and Illinois operators, could not be promptly and effectively handled, and created difficulties for adjoining divisions.

Against reports of unfavorable code effects upon small businesses in other industries, *Coal Age* found the little fellows flourishing as a result of the growing enforcement of the coal code. However, it's the enforcement of the coal code on the big fellows that's doing it. Wage rates in properly organized mining operations have been increased by the code and the Appalachian wage agreement from 30% to as much as 200% according to union officials. Some small operators, doing chiefly a neighborhood business, found that they could successfully escape notice of the code authorities. Paying their men only one-third to one-half code wages, working them longer hours, cutting under the prices that codified mines are forced to charge, they have been taking a steadily increasing share of available business. Many larger operators say

# How a Man of 40 can Retire in 15 Years



**I**T makes no difference if your carefully laid plans for saving have been upset by the depression. It makes no difference if you are worth half as much today as you were in 1929.

Now, by merely following a simple, definite Retirement Income Plan, you can arrange to quit work forever fifteen years from today with a monthly income

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that they cannot compete until these smaller ones are properly policed.

The demand for correlation of coal prices with those of oil and gas is supported by practically the entire industry but it is admittedly difficult to accomplish. Champions of such a plan believe that there is real justification for it from the standpoint of conservation of natural resources and contend that a comprehensive and equitable arrangement between all the industries producing fuels would prove practical and profitable for all. In the absence of such arrangements, operators and mine workers are proposing a federal tax of 5¢ per 1,000 feet of natural gas, want coal considered in the oil price-fixing

sessions, are fighting government expenditures on water power developments and other projects that would serve to reduce the consumption of fuels.

Insiders contend that the real test of the coal code, as it affects inter-district competition, will come in the spring, when contract renewals come up. After that also, the industry will be able to gauge the volume of business that it has lost because of failure to adjust price levels between coal and competing fuels.

Meanwhile, operators who are anxious to see the industry become organized effectively and function harmoniously under the code welcome the fact that the proposal for an Industry Planning Board has been actively revived.

## Code Showdown

**Washington looks for considerably more than a "pep meeting" when code authorities get together. Public hearings will be curtain-raiser to the big show.**

THAT idea of a Mar. 5-8 Washington roundup on NRA and its codes has taken so well that General Johnson has added a Feb. 27-28 curtain-raiser to the bill. The big show will be, as originally scheduled, for members of the code authorities, or for sponsoring associations of codes for which authorities have not yet been named. About 7,000 invitations have been sent out covering some 300 codes. The curtain-raiser sounds bigger than it is. The whole public has been invited in to talk about the 5 main topics of the code authority conference itself—employment, costs and prices, control of production and competition, code authority organization, small enterprises and minorities. (Those who wish to be heard in person or by letter should write or wire applications before noon Feb. 26.) But the real object of this mass meeting is get a flood of public suggestions and complaints out of the way so that something can be done when the main show starts.

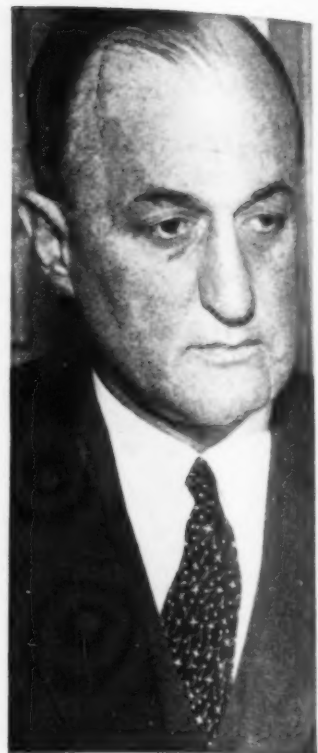
When the President opens the code authority conference in Constitution Hall back of the D.A.R. building, he will open large and troublesome issues, some of which have plagued NRA since its beginning. Division Administrator Whiteside will touch off one of the most explosive of these with his report on pricing studies, to be supplemented by what comes out of the Feb. 27-28 sessions. Leon Henderson of the Russell Sage Foundation, special advisor to General Johnson on consumer problems, will be on hand to continue the battle against open-price associations (*BW—Feb 3 '34*).

Into this mêlée will enter the earnest seekers of an answer to that question,

"What is cost?" which is stirring up as much trouble as Pilate's "What is truth?" It is fondly hoped that this conference will lead to a decision among the 3 schools backing "lowest actual cost," "lowest competitive cost," and "lowest reasonable cost" as a foundation for code pricing policies. Meanwhile, NRA is going along with its ruling that code authorities may set a "lowest reasonable cost" as a bottom under price-cutting (*BW—Feb 17 '34*), as suggested months ago by Mr. Whiteside. But this is generally felt to be just a stop-gap. Irate letter writers who express fears of "bureaucratic control" and think it was a snap judgment on an old problem, consideration of which was too long deferred by NRA, are being assured that Washington appreciates the difficulties, is not approaching them with the "mad rush" of which the writers talk.

Another big issue is coming to a head in the protests over the cost of code authorities and the methods of assessing these costs. One relatively small industry has protested that its administrative setup will cost each member \$6,000 a year. An increasing number of codes provide for the purchase of Blue Eagle labels, as in the garment industries. Others, like the construction code, call for certain registration fees for jobs undertaken by members. These provisions cost money and money will talk at the Washington conference. Incidentally, a resounding demonstration of code benefits may be expected to allay some of the protests.

Washington is preparing for a flood of visitors for the two meetings. Hotels are already shutting down on reserva-



**SLUM-ERADICATOR**—Col. Horatio B. Hackett, Chicago architect, new general manager of the PWA Emergency Housing Corporation. He will direct the nation's proposed \$100-million slum-clearance program.

tions. Railways are reducing fares to swell the invasion. The conviction spreads that the big double checkup marks a milestone in the New Deal—maybe it would be a good idea to be on hand to see what the next mile looks like.

## Little NIRA's

**Along with regional and local codes, NRA wants state recovery laws to support enforcement.**

THE shutdown of 20,000 shops in New York City with its accompanying lay-off of over 50,000 employees by order of the Cleaners and Dyers Board of Trade as a protest against lack of code enforcement, focusses attention upon the fact that national codification of service industries cannot be applied successfully without supplementary regional codes to meet the differing requirements of different localities. Two decisive moves, initiated by General Johnson and announced even before the New York situation became acute, are designed to eliminate just such difficulties.

The first applies directly to the New York case and to many others that have been developing in larger cities. Under an order issued by General Johnson,

local trade and service enterprises such as laundries, barber shops, building management, restaurants, and taxicab lines will be encouraged to adopt regional codes or special Presidential agreements under Section 4(a) of NIRA. Those codes or agreements, when approved by NRA, will have the same force and effect as national codes and entitle subscribing members to fly the Blue Eagle. Wherever a national code has been adopted, its major provisions are to serve as the basis for the local codes, with such modifications as may be necessary to meet the individual needs of each region. Regional committees are to be organized by each group to perform the functions that, under the national codes, are left to Code Authorities.

The second move was an appeal to the governors of all states for the prompt enactment of "model" state recovery laws. This is designed to meet drives against local application of NIRA on the ground that Congress has no constitutional right to legislate for intra-state commerce. A number of cases now in the courts of different states are based on just that point. State laws drawn in accordance with the "model" supplied by the NRA in this appeal would protect intra-state and local industry from all such threats and make for the more effective enforcement of all codes.

The need for suitable state legislation to supplement NIRA became so forcibly apparent soon after the first codes that 12 of the 48 states have already such laws on the books. These are California, Colorado, Kansas, Massachusetts, Ohio, New Jersey, New York, Texas, Utah, Virginia, Washington and Wisconsin. West Virginia has a recovery law through the Assembly and now before the Senate.

## Labor Hours

**Industrialists stiffen opposition to shorter hours movement; Ralph E. Flanders a spokesman.**

A GROWING number of industrialists are disturbed over the apparent strength of the movement toward establishing shorter hours, and are preparing to offer serious resistance. The issue is certain to come up for vigorous debate at the meeting of code authorities in Washington March 5-8, and may, indeed, become the storm center of that important gathering.

The first gun in the campaign has been fired by Ralph E. Flanders, a member of the Industrial Advisory Board of NRA, who, in advertisements of his company (Jones & Lamson, machine tool builders, Springfield, Vt.) exhaustively analyzes the shorter hours theory of re-

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I don't care who has been  
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**T**HOUSANDS of property owners have come to a decision like this in the past couple of years. And with good reason. Taxes have defied the old law of "what goes up must come down." Rents have been definitely lower. A situation that demands economies.

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### Selected Leaders

Seventy-two leading organizations comprise

The Federation of Mutual Fire Insurance Companies. These companies are qualified to offer any property owner, large or small, sound protection at the lowest cost. Assets of Federation companies total over 97 million dollars . . . savings to policyholders in the past ten years in excess of 125 million. A list of these companies will be sent on request with a brief, interesting outline of their methods of operation. Every property owner should have this information. No obligation is involved. Write for it today.

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PROFIT-PROMOTING PROCESS CONTROL

lief or recovery. Mr. Flanders already has announced that he will lead the discussion at the code authority meeting.

His analysis attacks the fallacy that there is or ever has been overproduction, pointing out that in 1929, even, the standard of living in the United States was far below decency for a large proportion of the population. Statistics as to "excess capacity," he insists, take account neither of the desired level of consumption if living standards are to be raised, nor of the obsolescence of a great deal of the plant capacity lumped in the statistics.

Shorter hours with diminished wages is merely a formula for relief, not a recovery measure, since it merely spreads existing purchasing power thinner. In fact it retards recovery by pushing a certain number below the level of decent subsistence. Shorter hours with higher wages has a tendency to decrease consumption by raising prices.

True recovery, he urges, will be promoted by encouraging investment, by stimulating private building, by fostering installation of cost-cutting equipment in industry, and by developing better facilities for intermediate credit.

## A Labor Code to Shoot At

**Miss Perkins' conference sets up objectives to guide state labor legislation. Wants codes to survive NIRA.**

A UNIFORM labor code which reaches much further into social reform than the NRA was drafted and recommended for enactment by the 48 states at the interstate conference which assembled in Washington last week at the invitation of Labor Secretary Perkins. To assure coordinate action regional conferences will be held semi-annually in future for the adoption of interstate compacts (BW—Feb 10 '34). Thus the states are expected to pace one another in enacting legislation that, if adopted in only one state or in conflicting forms in neighboring states, would create discrimination and disturb competitive relationships.

The conference also went on record in favor of perpetuating the NRA industrial codes beyond NIRA's short life and urged full use of the inspection forces of state labor departments in code enforcement.

Miss Perkins' conference was something new in the annals of labor. The state code drafted by 11 committees of state labor commissioners and union officials has still to be elaborated in many of its specific provisions but includes proposals of fundamental scope:

Compulsory old-age pensions beginning at 60 to 65 with \$360 as the minimum including other sources of income.

Working hours not in excess of 40 a week for both men and women in all occupations except domestic service and agriculture. Prohibition against employment of women after 10 p.m., unless for a sufficient time to permit 2 legal shifts per day. An arbitrary limit of 30 hours per week at this time was opposed by Miss Perkins in testifying on the Connery bill Feb. 16 but she endorsed it as an expression of public policy.

Unemployment insurance above the level of mere subsistence and extending over "substantial" periods of time. The conference endorsed the Wagner-Lewis

bill under which employers contributing to unemployment reserves created by state law would obtain a rebate of a federal tax on payrolls.

Workmen's compensation defining injuries to include occupational diseases and recommending a state insurance fund, exclusive or competitive, to cover all industries and all employees, except possibly agriculture and domestic service. For non-fatal cases, not less than two-thirds of the employee's wages, and in case of death, not less than 35% to widow until remarriage or death, with additional amount to each child to 18 years.

Mandatory minimum wage for women and minors according to standard bill drafted by National Consumers League and recently enacted by 6 states, and regulations prohibiting differentials for learners and minors for locality or size of community; providing time-and-a-half for overtime, a higher hourly rate for part-time workers, the minimum hourly rate to all piece-workers.

Child labor laws fixing the minimum age for leaving school at 16 years and regulating employment between 16 and 18 years by making legal hours less than for adults, prohibiting night work between 7 p.m. and 6 a.m., and employment in hazardous occupations under 18 years.

Health and safety protection assured by regular inspection to conform to nationally approved standards to cover ventilation, temperature, humidity, air space and lighting; dust, gases and fumes; dangerous materials and tools; fire protection; first aid, seating facilities; sanitary facilities; lunch rooms, and drinking water.

Unemployment exchanges to be established in 23 states which have not yet accepted provisions of Wagner-Peyser Act providing federal support; private fee-charging agencies to be regulated.

## New Products

New things, new ideas, new designs, new packages, new manufacturing and marketing methods.

GRAPE pie may take its place beside apple, mince, and pumpkin, if plans of the Welch Grape Juice Co. work out. The grapes, cleaned and seeded, are packed ready for the home-made crust in 17¢ jars. The baking and restaurant trade has been getting its Concord in cans for some time.

LASTEX, U. S. Rubber's stretchable fabric base, found its first market in corsets. Starting with underwear, it has become visible, now includes among its uses, bathing suits, stocking tops, men's suits, riding breeches, other sports wear. You can expect to see it any day now in coat linings, men's shirts, gloves, linen suits, pajamas, chauffeurs' uniforms, even neckties, which it will make wrinkle-proof and slip-proof.

THE Pin-It-Up Lamp, which made a name for itself by providing a neat lamp which could go anywhere—beside tea-room tables or over home easy chairs—has a new brother. It's an indirect lighting model, more formal in design, adjustable, still able to be pinned up anywhere. It weighs only a pound and a half, is made of aluminum, even the shade, which looks like glass. To be used with the new 250 watt indirect Mazda. The makers figure its bright, even light will make it a good seller in the millions of homes where bridge lamps have been knocked over by excited bidders.

THE new Sparton refrigerator has an electric clock mounted over the doors on the front. Very handy for housewives timing the cake in the oven; more than a timepiece, however, because this clock removes the necessity for judgment or thinking of any kind, makes the refrigerator completely foolproof by defrosting automatically every night just enough to keep the coils clear.

ELECTRIC refrigerator makers have taken to heart the plight of the housewife with both hands full—and the door to be opened. Sparton and Norge feature latches which open literally at the touch of a finger or an elbow. Stewart-Warner's new model also has a hair-trigger latch—which can be locked with a little button after Junior wakes up from his nap.

"VITALIUM" is the name of a new cobalt-tungsten-chromium non-tarnish alloy expected to be much used for dental work; it's harder (and cheaper) than gold. "Eternalloy" is just good old cast iron—when used for caskets.

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Your shipping clerk may get along with five footcandles of light



But your file clerk needs at least four times that much light!

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Inadequate light causes a *measurable* drop in the speed of any office or factory operation where seeing is a serious factor, as proved by many experiments.

Nerves, digestion and other bodily functions are directly affected by the amount of light provided for a worker.

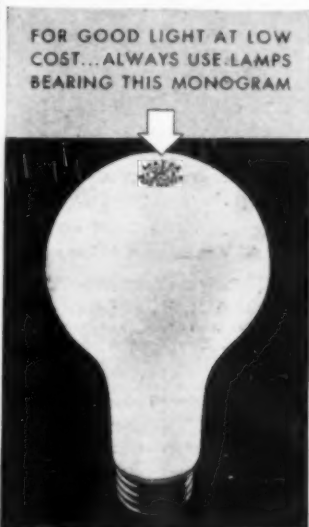
Millions of employees are now working under less than 25% of the light they need for easy, effortless seeing.

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## Wide Reading

**LABOR IS FREE.** John J. Leary, Jr. *Today*, Feb. 10. The story of the labor unions—both trade and company. Their growth and accomplishments under NRA.

**RADIO NEEDS A REVOLUTION.** Eddie Dowling. *Forum*, February. "Why our government should be burdened with actual expense as a result of the supervision of this industry is more than I can comprehend. It has cost nearly a million dollars a year of the taxpayers' money to keep in operation the present system of radio control—and look at the control!"

**VOCABULARY AND SUCCESS.** Johnson O'Connor. *Atlantic*, February. Major executives score higher in the English vocabulary test of the Human Engineering Laboratories than any other selected group, including college professors whose training is thought ordinarily to give them an advantage.

**FATHER COUGHLIN.** *Fortune*, February. His 10 million radio listeners give \$500,000 a year to encourage such talks as "Hoover Prosperity Breeds Another War." More than 600,000 listeners wrote to him after he had dubbed J. P. Morgan, Andrew Mellon, Ogden Mills, and Eugene Meyer the modern "Four Horsemen of the Apocalypse." Interesting inside details of the radio priest's business.

**PROGRAMS FOR OUR FUTURE EATING.** Bion R. East. *New Outlook*, February. Recent researches of the dietitians reveal significant deficiencies in the average American diet. Some plans and programs of the experts to supply painlessly the missing vitamins.

**SPORT IN MINIATURE.** John R. Tunis. *American Mercury*, February. Ping-pong has become a major sport, to the profit of several manufacturers—and numbers of stout dyspeptics.

**LABOR UNDER THE NATIONAL RECOVERY ACT.** Sumner H. Slichter. *Harvard Business Review*, January. Effect of the codes and the President's reemployment agreement on employment, wages and costs. "The trials of the long depression have introduced a spirit of independence among wage earners which will probably persist."

### SURVEYS—REPORTS

**SWEDEN: WHERE CAPITALISM IS CONTROLLED.** Marquis W. Childs. *John Day*, 32 pp., 25¢. Progress Sweden has made in putting national economy under control gradually. Reactions during the depression.

**THE ECONOMICS OF FREE DEALS.** Leverett S. Lyon. *Brookings Institution*, 227 pp., \$1.50. Study of the effect on prices of premiums and gifts, and suggestions to codemakers for their elimination.

### BOOKS

**BUSINESS YEAR BOOK OF CANADA AND NEWFOUNDLAND, 1934.** Maclean Publishing Co., 176 pp., \$2. Market surveys; analysis of purchasing power, taxation, prices, business outlook.

**WISCONSIN UNEMPLOYMENT INSURANCE.** Roger Sherman Hoar. *Stuart Press*, South Milwaukee, 230 pp., \$4.50. Wisconsin has a law for compulsory insurance of workers. Employers who disapprove the plan have until June 1 to adopt 1 of 6 voluntary schemes. The plans, discussed in detail.

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By O. FRED ROST, Marketing Editor, *Business Week*

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distribution, what agencies are available to a manufacturer and what functions are performed by such agencies?

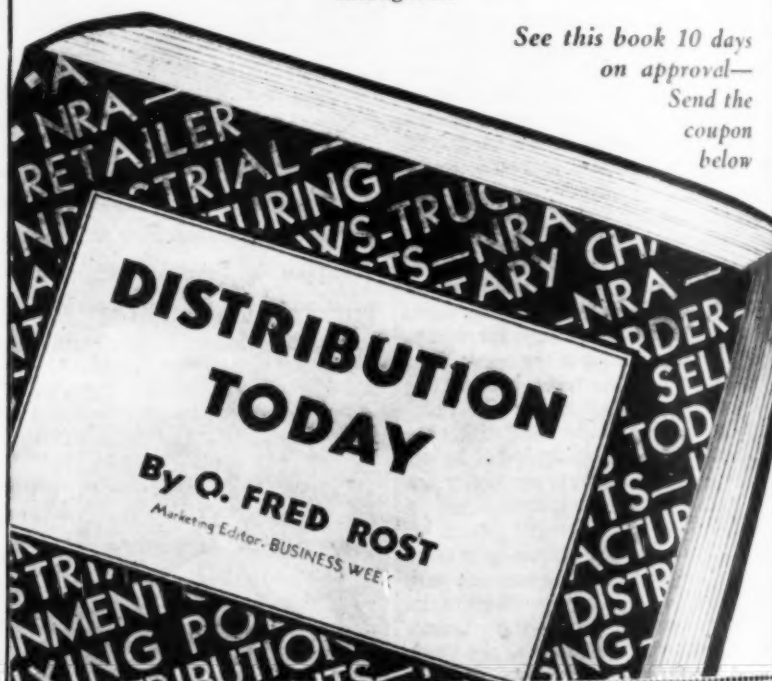
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# NIRA SCOREBOARD

Based on official texts of approved industry codes published up to February 16

(Continued from Business Week, February 17, 1934)

## 240. Sanitary Napkin and Cleansing Tissue Industry

By Sanitary Napkin and Cleansing Tissue Association. *Maximum Hours:* 40 a week. Four hours a week must prevail in 3-month period. Women not permitted to work between 8 p.m. and 6 a.m. *Minimum Wages:* 33 1/3c. per hour for women; 41 2/3c. per hour for men. Office workers, \$14-\$15 a week. Equitable adjustment of all wage rates. Reductions below June 17, 1933, average prohibited. Women get equal pay for equal work. Reclassification prohibited. *Other Important Provisions:* Creates Code Authority. Requires filing of prices, terms, and discounts for different classes of trade, but without a time-lag. Code Authority to formulate methods of cost determination, regulations covering sales below cost to meet competition, disposal of discontinued lines and seconds, and standard trade customs, including contracts, consignment sales, cash discounts, etc. Code Authority to submit within 6 months plan for stabilization of employment. Lists among unfair trade practices rebates, bribery, price discrimination, style piracy, misleading advertising, combination sales.

## 241. Construction Industry

By Construction League of the United States; American Institute of Architects; American Society of Civil Engineers; Associated General Contractors of America; International Society of Master Painters and Decorators Inc.; Heating, Piping, and Air Conditioning Contractors National Association; Cement-Gun Contractors Association; National Building Granite Quarries Association; Contracting Plasterers International Association; Tile and Mantel Contractors Association of America; National Association of Master Plumbers of the United States; National Elevator Manufacturing Industry; Roofing and Sheet Metal Industries Conference; Mason Contractors Association of the United States and Canada; American Road Builders Association; National Association of Metal Furring and Lathing Contractors; Asbestos Contractors National Association; National Association of Building Trades Employers; National Association of Builders Exchanges; American Construction Council. *Maximum Hours:* 40 a week. Maximum of 48 hours permitted under certain specified conditions. *Minimum Wages:* For common and unskilled labor, 40c. an hour. Office or clerical workers, \$12-\$15 a week, depending upon size of city. *Other Important Provisions:* Provides for National Construction Planning and Adjustment Board of 21 members, 10 selected from nominations of Construction Code Authority, 10 selected by Labor Advisory Board, the President to appoint the chairman. Board has authority to appoint regional boards in defined areas. Code defines activities and procedures within the scope of Board. Provides for a Construction Code Authority. Code Authority permitted to require registration of all construction work or service amounting to \$2000 or more, making a charge of \$2 or more for such registration. Each division of industry to have Divisional Code Authority. Contains clause against partnership interpretation. Prescribes practices to be observed in competitive bidding. Specifically prohibits "bid peddling." Divisional Code Authority to establish method, to be approved by Code Authority, for checking bids submitted by members.

## 242. Corrugated and Solid Fibre Shipping Container Industry

By National Container Association. *Maximum Hours:* Mechanical workers, 40 a week, averaged over 5-week periods. Exemptions for specific lines of work. All other employees, 40 a week, averaged over 13-week periods. *Minimum Wages:* Mechanical workers, North—40c. an hour for men, 35c. an hour for women; South—32c. an hour for men, 30c. an hour for women. Other employees, North—\$16 a week; South—\$14 a week. Women get equal pay for equal work. Provides for equitable adjustment of all wage rates. Prohibits reclassification. *Other Important Provisions:* Creates Code Authority. Contains clause against partnership interpretation. Code Authority to submit within 3 months report on possibilities of shorter working week, and within 6 months plan for stabilization of employment. Prohibits home-work. Gives Code Authority privilege to put open-price plan into effect and gives full directions for its operation, which include a 5-day time-lag. (This portion of code suspended by NRA pending further order.) Provides for filing with an impartial agency reports

covering plant capacity, production, sales in units and dollars, orders received, unfilled orders, stocks on hand, inventories, etc. List of present productive equipment to be filed within 30 days and new equipment to be reported to Code Authority. Code Authority to formulate standard cost accounting system, standard terms, plans to equalize production with demand, plans for sharing available business, regulations for installation of new productive equipment. Lists numerous unfair trade practices.

## 246. Paper Disc Milk Bottle Cap Industry

By National Association of Bottle Cap Manufacturers. *Maximum Hours:* 40 a week. Specifies certain tolerances. *Minimum Wages:* North—men, 40c. an hour; women, 35c. an hour. South—5c. an hour less. Other employees, North—\$16 a week; South—\$14 a week. Provides for equitable adjustment of all wage rates. Women get equal pay for equal work. Reclassification prohibited. *Other Important Provisions:* Creates Code Authority. Contains clause against partnership interpretation. Code Authority to submit within 3 months report on possibilities of a shorter working week, and within 6 months plan for stabilization of employment. Prohibits home-work. Gives Code Authority privilege of putting open-price plan into effect and gives full directions for its operation, which include a 5-day time-lag. (This portion of code suspended by NRA pending further order.) Provides for filing with an impartial agency reports covering plant capacity, production, sales in units and dollars, orders received, unfilled orders, stocks on hand, inventories, etc. Code Authority to formulate standard cost accounting system, standard terms, plans to equalize production with demand, regulations for installation of new productive equipment. Lists numerous unfair trade practices.

## 247. Food Dish and Pulp and Paper Plate Industry

By Food Dish Associates of America and the Pulp and Paper Plate Associates of America. *Maximum Hours:* 40 a week. Specifies certain tolerances. *Minimum Wages:* In pulp and paper branch, North—men, 40c. an hour, women, 35c. an hour; South—5c. an hour less. In the wooden veneer dish division, men and women, 35c. an hour. Other employees, North—\$16 a week; South—\$14 a week. Women get equal pay for equal work. Provides for equitable adjustment of all wage rates. Prohibits reclassification. *Other Important Provisions:* Creates Code Authority. Contains clause against partnership interpretation. Code Authority to submit within 3 months report on possibilities of a shorter working week, and within 6 months plan for stabilization of employment. Prohibits home-work. Gives Code Authority privilege to put open-price plan into effect and gives full directions for its operation, which include a 5-day time-lag. (This portion of code suspended by NRA pending further order.) Provides for filing with an impartial agency reports covering plant capacity, production, sales in units and dollars, orders received, unfilled orders, stocks on hand, inventories, etc. Code Authority to formulate standard cost accounting system, standard terms, plans to equalize production with demand, regulations for installation of new productive equipment. Lists numerous unfair trade practices. Code Authority to consider advisability of creating Joint Industrial Relations Board.

## 248. Glazed and Fancy Paper Industry

By Glazed and Fancy Paper Manufacturers Association. *Maximum Hours:* Mechanical workers, 40 a week; for other specified occupations, 48-56 hours a week. *Minimum Wages:* Mechanical workers—men, 40c. an hour; women, 35c. an hour. Other employees, \$16 a week. Women get equal pay for equal work. Equitable adjustment of all wage schedules. Reclassification prohibited. *Other Important Provisions:* Creates Code Authority. Authority to study feasibility of shorter working week and prepare plan for stabilization of employment. Prohibits home-work. Permits open-price plan with 5-day time-lag. (This provision stayed by the NRA pending further orders.) Provides for a standard method of accounting and costing, and prohibits sales below cost. Provides for filing with impartial agent periodical reports on plant capacity, volume of production, sales in units and dollars, stocks, employment, wage rates, etc. Code Authority to study plans to equalize production with demand, also advisability of creating Joint Industrial Relations

Board with the paper manufacturing and/or converting industries. Unfair trade practices mentioned include false records, dumping, rebates, bribery, consignments excepting under plans approved by the Code Authority.

## 249. Tag Industry

By Tag Manufacturers Institute. *Maximum Hours:* 40 a week, with certain specified tolerances. Women not permitted to work between 10 p.m. and 6 a.m. *Minimum Wages:* Mechanical workers, North—men, 40c. an hour; women, 35c. an hour. South—men, 35c. an hour; women, 30c. an hour. Other employees, North—\$15 a week; South—\$14 a week. Women get equal pay for equal work. Provides for equitable adjustment of all wage rates. Reclassification prohibited. *Other Important Provisions:* Creates Code Authority. Contains clause against partnership interpretation. Code Authority to submit within 3 months report on possibilities of shorter working week, and within 6 months plan for stabilization of employment. Prohibits home-work. Gives Code Authority privilege of putting open-price plan into effect and gives full directions for its operation, which include a 5-day time-lag. (This portion of code suspended by NRA pending further order.) Provides for filing of reports covering plant capacity, production, sales in units and dollars, orders received, unfilled orders, stocks on hand, inventories, etc. List of present productive equipment to be filed within 30 days and new equipment to be reported to Code Authority. Code Authority to formulate standard cost accounting system, standard terms, plans to equalize production with demand, plans for sharing available business, regulations for installation of new productive equipment. Lists numerous unfair trade practices. Code Authority to consider advisability of creating Joint Industrial Relations Board.

## 250. Wire, Rod, and Tube Die Industry

By Association of Wire, Rod, and Tube Die Manufacturers, Inc. *Maximum Hours:* 40 a week, with certain specified tolerances. *Minimum Wages:* 40c. an hour; office workers, \$16 a week. Prohibits reclassification and reemployment for purposes of evasion. Provides for equitable adjustment of all wage rates. Women get equal pay for equal work. *Other Important Provisions:* Creates Code Authority. Contains clause against partnership interpretation. Code Authority to recommend measures for industrial planning and stabilization of employment. Gives Code Authority privilege of putting open-price plan into effect for branches of industry where it has already been used and for other branches or sub-divisions in which two-thirds of members consent, and gives full directions for its operation. (This clause suspended by NRA for 60 days unless previously released.) Lists among unfair trade practices bribery, false or misleading advertising, guarantees against advances or declines in market prices, inaccurate invoicing, rebates, selling second-hand merchandise unless expressly designated as such.

## 251. Witch Hazel Industry

By Witch Hazel Manufacturers Association. *Maximum Hours:* 40 hours a week, with tolerance of 20% during season of distillation. Certain other specified tolerances. *Minimum Wages:* 35c. an hour; office workers, \$14 a week. Women get equal pay for equal work. Provides for equitable adjustment of all wage rates. Prohibits reclassification. *Other Important Provisions:* Creates Code Authority. Contains clause against partnership interpretation. Code Authority to obtain from members of industry periodical reports and to prescribe a uniform system of accounting and reporting.

## 252. Cylindrical Liquid Tight Paper Container Industry

By National Association of Liquid Tight Paper Container Manufacturers. *Maximum Hours:* 40 a week, with certain specified tolerances. *Minimum Wages:* Mechanical workers, North—men, 40c. an hour; women, 35c. an hour. South—5c. an hour less. Other employees, North—\$16 a week; South—\$14 a week. Women get equal pay for equal work. Reclassification prohibited. Provides for equitable adjustment of all wage rates. *Other Important Provisions:* Creates Code Authority. Contains clause against partnership interpretation. Code Authority to submit within 3 months report on possibilities of shorter working week, and within 6 months plan for stabilization

tion of employment. Prohibits home-work. Gives Code Authority privilege of putting open-price plan into effect and gives full directions for its operation, which include a 5-day time-lag. (This portion of code suspended by NRA pending further order.) Provides for filing of reports covering plant capacity, production, sales in units and dollars, orders received, unfilled orders, stocks on hand, inventories, etc. Code Authority to formulate plans to equalize production with demand and to consider advisability of creating Joint Industrial Relations Board. Lists numerous unfair trade practices.

#### 253. Animal Soft Hair Industry

By American Soft Hair Manufacturers Association. *Maximum Hours:* 40 a week. Processing operators to work only 5 days in any 7. Owners, partners, doing productive work must observe code hours. *Minimum Wages:* Combers, 50c. an hour; others, 37½c. an hour. Women get equal pay for equal work. Equitable adjustment of all wage schedules. Reclassification prohibited. *Other Important Provisions:* Homework prohibited. Creates Code Authority. Contains clause against partnership interpretation. Requires members to keep accurate records of all transactions in manner prescribed by Code Authority. Provides for approved cost-finding method and prohibits sales below cost. Calls for filing of price lists and discounts with Code Authority; to become effective immediately upon receipt. Prohibits misleading or deceptive practices, inaccurate advertising, bribery.

#### 254. Athletic Goods Manufacturing Industry

By Athletic Goods Manufacturers Association, Golf Ball Manufacturers Association, Athletic Shoe Manufacturers Association, Tennis Racket Manufacturers Association, and Golf Bag Manufacturers Association. *Maximum Hours:* Office workers, 40 hours a week with tolerance of 16 additional hours in any 13-week period. Other employees, 44 hours a week, or 1040 hours in any 6-month period. Certain specified exceptions. *Minimum Wages:* 35c. an hour; 2½c. an hour less in the Southern District. Other employees, \$14-\$15 a week. Women get equal pay for equal work. Provides for equitable adjustment of all wage rates, and prohibits reductions below rate of June 16, 1933. Prohibits reclassification. *Other Important Provisions:* Creates Code Authority. Prohibits homework except that, with approval of Code Authority, certain baseballs and playground balls may be sewn at home for 1 year, provided rate of pay in effect on July 15, 1929, plus an increase of 20% is paid. Code Authority to study practicability of elimination of homework. Lists among unfair trade practices bribery, misleading advertising, misrepresentation, price discrimination except for differences in grade, quality or quantity; false invoices; refunds, gifts to athletic organizations or persons prominent in any line or sport to induce them to recommend or adopt as "official" any athletic goods or equipment; advertising such endorsement without revealing that money or gifts were given; and numerous other practices peculiar to industry. Four separate product groups have appended schedules of additional unfair trade practices.

#### 255. Table Oil Cloth Industry

By Table Oil Cloth Manufacturers Association. *Maximum Hours:* 40 a week, with certain specified tolerances. *Minimum Wages:* 35c. an hour. Existing differentials to be maintained. Reclassification prohibited. *Other Important Provisions:* Creates Code Authority. Code Authority to collect and compile reports to be sent to Administrator. Calls for study of imports and their ratio to domestic production.

#### 256. Schiffl, Hand Machine Embroidery, and Embroidery Thread and Scallop-Cutting Industries

By Embroidery Manufacturers Protective Association, Hand Machine Embroidery Association, Inc., and Cooperative Embroidery Thread and Scallop Cutters Association. *Maximum Hours:* 40 a week. Specified exceptions. Owners, partners, doing productive work must observe code hours. *Minimum Wages:* Schiffl machine processes, 37½c. an hour; other employees in that industry, 35c. an hour. Hand Machine Industry—operators, 40c. an hour; others, 35c. an hour. Thread and Scallop Cutting—operators, 35c. an hour. Schiffl designers, \$1 an hour. Special arrangements for apprentices. Equitable adjustment of all wage rates. *Other Important Provisions:* Limits operations to 40 hours a week. Prohibits overtime. Prohibits homework after 6 months. Stretch-out system to be defined and eliminated. Creates Code Authority. Provides for investigation of unemployment insurance. Contains clause against partnership interpretation. Import of machines and competitive merchandise to be investigated. Code Authority to study orders, prices

and general industry practices, establish standard sales contracts and order blanks, collect specified reports through confidential agents and regulate other important phases of operation. Lists among unfair trade practices inaccurate advertising, selling below cost as determined by standard cost accounting system, rebates, consignments, bribery, violations of standard cash discounts and terms.

#### 257. Printing Equipment Industry and Trade

By National Printing Equipment Association, Inc. *Maximum Hours:* 40 a week, with tolerance of 8 weeks at 48 hours in any 6-month period. *Minimum Wages:* Factory workers—men, 40c. an hour; women, 30c. an hour. Other employees, \$15 a week. Women get equal pay for equal work. Existing wage differentials to be maintained. *Other Important Provisions:* Creates Code Authority. Provides for periodical reports on wages, hours, production capacity, prices, costs and stocks. Ample accounting system to be maintained. Provides for open-price plan with a 5-day time-lag. (This clause stayed by NRA for 60 days or until released.) Prescribes methods of handling second-hand machinery and equipment. Describes terms of sale, installment terms, cash discounts. Prohibits misleading advertising, misrepresentation, and a large number of other practices peculiar to the trade. Anticipates organization of clearing association to handle surplus machines and equipment. Specifies method of determining costs.

#### 258. Cast Iron Boiler and Cast Iron Radiator Industry

By Institute of Boiler and Radiator Manufacturers. *Maximum Hours:* 40 a week, with tolerance of 12 weeks at 48 hours in any 12-month period. Office workers, 40 a week, averaged over 6 months. *Minimum Wages:* 40c. an hour. In 8 Southeastern states, 30c. an hour. Office workers, \$14-\$15 a week. Equitable adjustment of all wage scales. Women get equal pay for equal work. Prohibits reclassification. *Other Important Provisions:* Creates Code Authority. Contains clause against partnership interpretation. Provides for fine for code violations equal to 20% of trade price of product involved. Calls for filing of price lists, effective immediately. Defines various classes of buyers. Classifies as unfair competition combination sales, bribery, rebates, special services, deceptive advertising, etc.

#### 259. Hat Manufacturing Industry

By Hat Institute, Inc. *Maximum Hours:* 40 a week, with certain specified exceptions. *Minimum Wages:* 35c. an hour. Equitable adjustment of all wage schedules. Women get equal pay for equal work. Prohibits reclassification. *Other Important Provisions:* Certain specified departments to work only one shift a day. Prohibits homework. Creates Code Authority. Imports to be investigated. Provides for periodical certified reports on employment, wages, stocks on hand, production, unfilled orders, etc. Provides for open-price plan, with maximum 5-day time-lag. (This clause stayed by NRA pending further notice.) Contains clause against partnership interpretation. Prohibits sales below cost as determined by standard cost accounting system. Among unfair trade practices prohibited are misleading advertising, bribery, rebates, advertising allowances exceeding 5% of total annual purchases, consignments excepting under existing contracts. Prescribes handling of made-over-used hats. Provides for NRA labels with individual registration numbers.

#### 260. Ornamental Molding, Carving, and Turning Industry

By Ornamental Molding, Carving, and Turning Manufacturers Association. *Maximum Hours:* 40 a week averaged over 6-month periods. Certain specified exceptions. *Minimum Wages:* In certain specified Southern territories, 30c. an hour. Elsewhere, 34c. an hour. Wage rate reductions below June 16, 1933, rate prohibited. Women get equal pay for equal work. Work under contract must observe code provisions. Reclassification prohibited. *Other Important Provisions:* Creates Code Authority. Prohibits homework. Contains clause against partnership interpretation. To prepare plans for industrial planning and stabilization of employment. To investigate importations. Provides for uniform cost accounting system. Anticipates publication of average costs. Provides for filing of price lists with 5-day time-lag. (This clause stayed by NRA pending further notice.) Prohibits misleading advertising, rebates, bribery, design piracy, consignment sales except when approved by Code Authority, sales below cost. New designs and patterns may be filed with Association.

#### 261. Foundry Supply Industry

By Foundry Supply Manufacturers Association. *Maximum Hours:* 40 a week, with tolerance of 4 weeks at 48 hours in any 6-month period. *Min-*

*imum Wages:* Mechanical workers, 40c. an hour; other employees, \$14-\$15 a week. Prescribes method of equitable adjustment of all wage rates. Women get equal pay for equal work. Prohibits reclassification. *Other Important Provisions:* Creates Code Authority. Anticipates formulation of uniform credit practices. Provides for open-price plan with 5-day time-lag. (This clause stayed by NRA pending further notice.) Provides for standard cost accounting system and prohibits sales below cost. Lists among unfair trade practices misleading advertising, bribery, rebates, consignments, false invoices.

#### 262. Shoulder Pad Manufacturing Industry

By National Association of Shoulder Pad Manufacturers, Inc. *Maximum Hours:* 36 a week. Office workers, 40 a week. *Minimum Wages:* \$13 a week. Equitable adjustment of wage rates to July 1, 1933, differentials. Women get equal pay for equal work. Reclassification prohibited. *Other Important Provisions:* Operations limited to one shift a day. Prohibits homework. Creates Code Authority. Provides for uniform cost accounting system, and prohibits sales below cost. Prohibits as unfair trade practices misleading advertising, bribery, rebates, etc.

#### 263. Machine Knife and Allied Steel Products Manufacturing Industry

By Machine Knife Association of the United States. *Maximum Hours:* 40 a week. Certain specified exceptions. *Minimum Wages:* 40c. an hour. Office workers, \$15 a week. Provides for equitable adjustment, and prohibits decreases in wage rates. Women get equal pay for equal work. Prohibits reclassification. *Other Important Provisions:* Creates a Code Authority. Provides for reports giving statistics of plant capacity, volume of production, volume of sales in units and dollars, orders received and unfilled orders, employment, wages, etc. Provides for open-price plan, with a 10-day time-lag. (This clause stayed by NRA pending further notice.) Provides for adequate cost accounting system, and prohibits sales below cost. Permits Code Authority to investigate prices filed by members. Provides for study of imports. Prohibits as unfair trade practices false statements, bribery, rebates, consignments, other practices peculiar to the industry.

#### 264. Foundry Equipment Industry

By Foundry Equipment Manufacturers Association. *Maximum Hours:* 40 a week, with certain specified exceptions. *Minimum Wages:* 40c. an hour. Office workers, \$15 a week. Special provisions for apprentices. Provides for equitable adjustment and prohibits reduction of wage rates. Women get equal pay for equal work. Prohibits reclassification. *Other Important Provisions:* Creates Code Authority. Provides for Joint Industrial Relations Board. Code Authority to consider productive capacity of supporting members in making specific recommendations. Contains clause against partnership interpretation. Lists among unfair trade practices misleading advertising, bribery, rebates. Prohibits sales below cost, as determined by uniform cost accounting system.

#### 265. Coffee Industry

By Associated Coffee Industries of America. *Maximum Hours:* 40 a week. Certain specified exceptions. *Minimum Wages:* Men, 40c. an hour; women, 32½c. an hour. In 13 Southern states, 5c. an hour less. Office workers, \$14-\$15 a week. Women get equal pay for equal work. Provides for equitable adjustment and maintenance of pre-code differentials. Prohibits reclassification. Prohibits speeding up production. *Other Important Provisions:* Provides for Coffee Industries Committee, for filing of price lists, for an approved accounting system. Contains clause against partnership interpretation. Lists among unfair trade practices false advertising, bribery, free deals, financial assistance, selling below cost. Prohibits advertising allowances or payments for window or other display space, excepting payment at cost for actual newspaper advertising, handbills or printed advertising material.

#### 266. Inland Water Carrier Trade in Eastern Division of United States Operating Via New York Canal System

By Canal Carriers' Association. *Maximum Hours:* December 1-April 1, 40 hours a week; April 1-December 1, 44 hours a week. Certain specified exceptions. *Minimum Wages:* Short employees, \$15 a week. Wage scale covering various jobs on vessels is included. *Other Important Provisions:* Creates a Code Authority. Provides for Tariff Committee to determine minimum tariffs, and prescribes method of determining and adopting fair tariffs. Calls for specified records of operation. Three of the 5 members of Code Authority elected on the basis of voting by tonnage carried during preceding year. Assessment for Code Authority work at 1½c. per ton of 2240 pounds. Prohibits unfair trade practices peculiar to the industry.

## German Debts

Debtors and creditors agree to prolong present "standstill" for another year. Germans hope to win all-round interest reductions in later conferences.

BERLIN—Germany has 2 main groups of creditors. One—the larger—holds German medium- and long-term bonds. The second group holds the Reich's short-term notes which were "frozen" into a "standstill" arrangement 2 years ago.

When long-term creditors met in Berlin last month, they protested so vigorously against Dr. Schacht's plan to reduce the volume of interest payments which were being transferred that he and the rest of the German officials felt compelled to meet their demands. In the final settlement, which runs until summer, creditors will get a total of 70% of their interest due instead of the 67% which Germans had planned to pay until their foreign trade picked up and created more foreign exchange.

### "Standstill" Renewed

Short-term creditors won no such concession in their meeting last week, but they came away from Berlin very well pleased. Their "standstill" agreement was renewed for another year with no essential changes. If Germany had asked for further interest reductions, they had successfully protested that they could make no further concessions now. Of the 2.6 billions of marks under the "standstill," more than 900 millions are owed to Americans. In 1930, total short-term debts were estimated at 8 billion marks. Part of the reduction is due to repayment; part to depreciation of currencies in which the debt is owed.

Long-term creditors have agreed to meet again in Berlin in April for a thorough study of Germany's whole debt question. Short-term creditors plan to assemble in late June to review the country's economic situation, determine whether or not any adjustment must be made in the present agreement. Germans are coming to believe that they are going to win some concessions at these meetings. They want an all-round reduction of interest to a level that would make it possible for them to transfer interest "in full" without increasing the amounts now actually transferred. The recent cut in the rediscount rate in New York and the anticipated general lowering of interest rates in the United States have aroused new hopes in this respect. German pressure will increase as stabilization of the dollar seems to preclude the possibility of further automatic alleviation of the debt burden by means of that dollar depreciation by which Germany has benefited to such a large extent since April 1933. Further pressure would result from a

continuation of the unfavorable trade balance registered in January for the first time in 4 years. Germans blame the unfavorable trend to the increased competition from countries with depreciated currencies—especially from Great Britain, Japan, and the United States.

An American consular officer in Berlin has recently sent to Washington a report on a hypothetical foreign trade deal, showing how German business men are meeting export competition.

Any German exporter who has difficulty in meeting foreign competition may approach the Reichsbank and ask for a hearing. In presenting his case he estimates how much he must cut his price in order to get the business, and asks the Reichsbank to allow him to receive part of the proceeds in blocked marks or in scrip. If assistance is granted, the agreement is private and confidential. The Reichsbank may, for example, allow the applicant to receive payment 50% in foreign exchange, 25% in scrip, and 25% in blocked marks. The discount of 50% on scrip would be the equivalent of 12½% on the entire invoice, and a discount of 20% on the blocked marks would give an additional discount of 5%, or a total of 17½% on the entire invoice. The scrip and blocked marks can be turned in at full value inside Germany.

## Soviet-British Pact

London signs new trade agreement with Moscow which recognizes special Empire privileges projected at Ottawa, and provides for larger Soviet purchases in Britain.

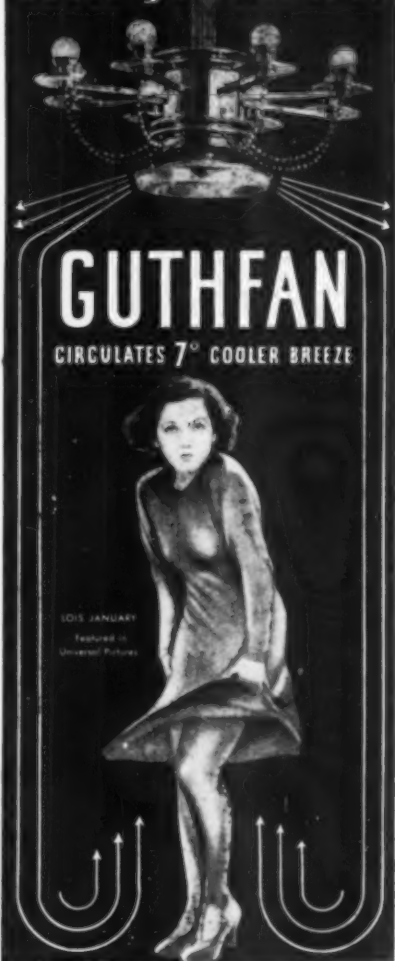
AFTER a break of 10 months, London and Moscow have renewed trade relations.

Nothing in the new treaty is more significant than the requirement that Russia buy more British goods if the Soviets are to maintain their very important place in the British market.

Britain, in the last 5 years, has absorbed vast quantities of Soviet timber, oil, and fur, and more recently an increasing volume of food products. Russia, in turn, has bought sometimes only one-half, more often only one-third, as much from the British. But British ships and British insurance companies handled much profitable Soviet business which helped to reduce the unfavorable balance.

The new pact, already in effect, includes no indication that Britain's system of export credits is to be altered. The British have been granting 12- to 18-month credits on Soviet business, individual manufacturers being aided by the government's export credit scheme whereby from 60% to 75% of

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Members of the Empire are protected. Russian imports are not to be allowed to interfere with the preference flow of trade provided in the Ottawa Empire agreement, though otherwise Russia is to receive most-favored-nation treatment. Britain, likewise, admits certain special spheres of influence among Russia's neighbors where Moscow has won concessions. This is the first trade agreement in which special consideration is given to the Ottawa agreements.

The actual total of Soviet purchases in Britain in 1933 was slightly more than £5 millions. Machinery and equipment accounted for £803,000, but more than half of this equipment was ordered in December. Steel and ferrous alloys totaled £659,000, non-ferrous metals £1,567,000, rubber £592,000, textiles £486,000, and tea £704,000.

## Canada Investigates

Effect on Dominion labor of mass buying by department and chain stores will be probed by government committee.

OTTAWA—Canadians have decided to investigate some merchandising policies. Does mass buying by department and chain stores increase the price spread between producer and consumer? Does it lead to sweated labor in industries supplying these large retail organizations? What is the effect on labor and investors of "investment banking" control of large corporations?

Determined that it is time the government should take a hand in regulating practices affecting both producers and consumers, Ottawa has appointed a commission to make a study of the entire situation. Heading the group of 11 who will conduct it is H. H. Stevens, Minister of Trade and Commerce in the present government.

The government intends that this investigation shall be far-reaching, and the committee is instructed to recommend measures designed to secure fair and just practices in the distribution and marketing systems of Canada, with fair returns to producers, employees and employers, not inconsistent with the rights of consumers. This is the first direct attack by Canadian authority upon the distribution system which has long been alleged to be one of the causes of unsatisfactory economic conditions.

The relation between the flour milling industry and Canadian bakeries and the effect of these relations on the baking industry are to have special attention immediately by the committee. Methods prevailing in the marketing of livestock and the effect of these methods on returns to producers will be probed.

# Business Abroad

**Europe places orders in United States. Germans pleased with "standstill" extension. France forced to pay more for public borrowing as other countries convert to lower rates. Britain uneasy over monetary outlook.**

## Europe

EUROPEAN NEWS BUREAU (Cable)—Because there is a temporary lull in the European political tempest which has been blowing now for many weeks, American interest in current developments centered this week in signs of trade recovery which are bringing new business to American plants.

Agents for the powerful Citroën automobile works in France are reported in the United States completing orders for machine tools. The bulk of this business was placed several weeks ago. The combined influence of general business recovery and the advantageous foreign exchange situation led to the placing of these orders now.

Representatives of Yugoslav interests are in Detroit placing orders for airplane and automobile equipment. Much of this business has previously been placed in France or Germany, but because of the favorable exchange will go to the United States if suitable credit terms can be arranged.

Spain is represented among foreign buying by agents for the Hispano Motor Co. who are in the United States to buy equipment. Australia and South Africa have made inquiries but as yet no large business has been placed because of inability to get suitable credits. There is hope that the new Export-Import Bank will extend its activities to cover some of these orders.

Europe expects large Soviet orders to be announced in the United States

soon. Reports from New York continue to imply that the RFC has arranged for the sale of a large volume of raw cotton to the Soviets, and the announcement by the Wright company that an airplane engine order of some proportions was pending came as no surprise. Europe has almost given up hope of getting much of the pipe, rail, and machine tool business for which Americans are said to be bidding sharply.

There is no indication that Spain's \$145-million relief program will lead to the placing of many orders abroad, but industrialists are watching that country carefully for business which will come with recovery. Turkey's industrialization schemes also may bring some volume of foreign business in the next few months.

## Great Britain

**London fears currency battle. Government adopts program of shipping subsidies. Details of Japan's invasion of British markets studied.**

LONDON (Cable)—Business in Britain remains uncertain under the shadow of the monetary policy of Washington, and the lack of a feeling of security regarding France and Central Europe. Rush shipments of gold from Paris to London by air for shipment to the United States and the rise in the gold share market—

interrupted but not genuinely checked by the inevitable profit-taking—have conspired to give an air of excitement to London as a monetary center which is not shared by the big provincial manufacturing towns.

While the new uncertainty has not dampened the belief that both national and world recovery are here and are real, it is noticeable that the expressions of this belief are less arrogant than they were. It is now no longer disguised that whatever be the intentions of Washington, London, and Paris, a currency war is imminent, and that means no trader is willing to make forward commitments or to tender ahead at present prices.

## Fascism Spreads in England

The growing strength of the Fascist and labor movements in England, following the spectacular gains on the Continent, has caused the National government to take to the stump in its own defense. Commercial London will not be surprised if some move is made during the year to delay elections and lengthen the life of Parliament beyond the 5-year term which ends in 1936. All this speculation adds to the uncertainty.

In home affairs, probably the most significant happening of late has been the government aid to the Cunard line. The new merger of the Cunard and White Star fleets, to which is to be added the 2 new giant liners (one of which is already under construction), has the state as a kind of partner-cum-debenture holder. The benefit to the shipyards is immediate and to the unemployment fund is welcome, but behind it is the hard fact that the taxpayer is, through the Treasury, borrowing money at a higher rate than he lends it. The age of shipping subsidies is at hand.

The deal is significant for two reasons. It will make the British Board of Trade especially anxious not to hurt the



Aemo

**BACK TO THE LAND**—Canada came to the rescue of her unemployed some time ago, helped them to migrate to unsettled areas and establish homes. Here are former unemployed men from Montreal now settled in northern Quebec meeting their families who have just arrived by special train to join them in their pioneer quarters.

feelings of the United States, because the two giant new Cunarders will be useless except in the North Atlantic trade. Nowhere else is there water for them, or docking facilities. If for any reason there were trouble over the service on the North Atlantic route, the two monsters would be useless, and the government would have spent taxpayers' money on a dead asset. In the second place, now that aid has been given to Cunard, it will be given to the tramp owners and the cargo line owners as well.

This prospect of an increase in subsidies to shipping lines and to the fishing fleets, and possibly increased expenditures for new armaments, has dimmed all hope of lower taxes, despite the recent announcement that the Treasury would probably have a surplus of at least £40 millions at the fiscal year end.

#### Japanese Prices

Genaro Okada, chairman of the Japanese cotton delegation to Britain, has now received complete instructions from his home government and the talks with Lancashire are going ahead.

The *Daily News Record's* London Bureau has ferreted out some interesting facts which British industry itself has brought up to support its demands from the Japanese. In an exhibition of Japanese products which have been offered on the British market at prices which British industry can't possibly meet are items ranging from men's wear to hosiery. There is men's underwear consisting of vest and long pants in the style every Englishman was once supposed to favor which are available in England at 7s 7d a dozen (\$1.82 reckoning the dollar at par). These are knitted in coarse cotton—so coarse that bits of cotton husk remain in the finished article—with the outer side fluffed over.

Another item is a khaki shirt, lightening fastening front, which retails for about 60¢. Some men's half hose are available for as little as 6¢ a pair. Some much better looking hose in cotton and rayon are offered at about 60¢ a dozen. Assortments of printed cotton handkerchiefs are offered for as little as 2¢ and 3¢.

## France

**Business calm but uncertainties cloud the future. Government forced to borrow at 5%.**

PARIS (*Wireless*)—France's political storm of 2 weeks ago has passed. Paris is calm. Broken windows have been replaced. Paving has been repaired. Transportation has returned to normal.

But the part of France which is well informed and keenly alert to intrinsic



FRANK CHARLTON—White Star sent its general manager to New York to discuss details of the merger with the Cunard line. Following the merger announcement, the British government promised the lines sufficient funds to complete the 2 giant new liners for the North Atlantic service.

conditions is not altogether happy. If political parties are temporarily abiding by their truce, they have not ended their differences. Both the Chamber and the Senate have supported the demand of the new finance minister for the consideration of the budget in toto, rather than article by article as provided by law. This is only an emergency concession which is not likely to hold for all matters.

What impressed the thinking Frenchman this week was the announcement of a new government loan for the posts, telegraph, and telephone which is to be issued at 895 francs per 1,000-franc bond, to carry 5% interest for 30 years. Aware that Italy has just completed a conversion from 5% to 3½% bonds, that British government 3½% bonds are selling above par, along with American Libertys, the Frenchman is a little alarmed that his government is forced to pay 5% for funds. He is aware also that there is a good deal of hoarding within the country, besides the heavy shipments of gold abroad.

Markets, following the flurry of a week ago, are calm again with prices lower. Pig iron production shows an increase, but steel and coal activity are marking time. The textile industry is facing something of a crisis, with workers striking in the northern areas while French exporters are finding it impossible to compete in foreign markets where costs are lower and currencies depreciated.

## Germany

**Berlin pleased with new "standstill" and treaty with Poland. Foreign capital participation in German industry studied. Automobile sales touch seasonal record.**

BERLIN (*Cable*)—German executives are rather pleased this week with the outcome of the recent conference of creditors (page 27). More than anything that has happened recently, it indicated that foreigners appreciate the difficult situation in which Germany has been placed in the last few years. The "standstill" has been renewed with almost no changes. The satisfactory functioning of "register" mark machinery has contributed materially to the reduction of outstanding credits. Germans also have been relieved by devaluation in creditor countries.

In contrast to this encouragement, the unfavorable trade balance in January—the first in 4 years—and especially the drop in exports are matters of concern. There is a continued drain on the country's gold and currency reserves.

Improved relations with Poland have helped the business outlook. The recently negotiated 10-year pact was a truly sensational diplomatic stroke. Incidentally, it confirms once more that a dictatorial government which has no fear of parliamentary opposition or of criticism in the press can make much greater concessions in foreign policy than a parliamentary government could ever make. If the present pact had been signed 2 years ago by Brüning, there would probably have been a tremendous outcry on the part of the nationalist opposition with the usual charges of "treason" and "betrayal" for "giving up the Corridor." Now there are nothing but eulogies by a well-disciplined press of the "peaceful" policy of the government.

#### Truce With Poland

There can be little doubt that this 10-year truce in the East will strengthen Germany's position in the West. France had difficulty in concealing her disappointment at the conciliatory policy of Poland, a former satellite. Although the German-French direct disarmament parleys seem to have reached a certain impasse, at least for the time being, the British and Italian memoranda show clearly how well these 2 countries understand the German viewpoint. The Germans are firmly convinced that France will never start a "preventive war." In the long run German rearmament is bound to come.

The first declarations of dividends in 1934 brought new life in the stock market at the end of January and in early February. Two big banks, the government-owned Reichskreditgesellschaft and, in contrast with the latter,

the 100% private Berliner Handelsgesellschaft, have both declared a 5% dividend. The Siemens concern paid 7%, and has announced the reemployment of 12,000 men.

The German Statistical Bureau has completed a study of foreign capital participation in German industry at the beginning of 1933 which is of some interest to Americans. According to the study, there were 9,634 incorporated German companies, with a total capitalization of 22,263,900,000 marks at the beginning of 1933, of which 582, with a capitalization of 5,534,770,000 marks or approximately 25% of the total capitalization, included, at least in part, foreign capital.

#### Americans Invest Most

Total of foreign funds invested is estimated at 1,553,010,000 marks, or approximately 28% of the total capitalization of the 583 companies, or 7% of the total capitalization of German companies. American investments were the largest in amount, being estimated at 379,240,000 marks. Swiss capital was invested in the largest number of companies, 139.

Investments of several countries are tabulated:

Country	Number of Participations	Amounts Involved (Millions of Marks)
United States	82	379.24
Switzerland	139	254.89
Netherlands	124	251.43
Belgium	23	138.94
England	63	126.04
Sweden	26	62.25
France	47	61.60
Italy	15	20.04

Industrial improvement was maintained during the week, and is running approximately 15% above last year's level. Automobile sales have established a new seasonal record.

## Canada

**Charter banks worried over powers of new central bank. Insurance companies anticipate further interest cuts on rumors of pending conversion on large scale.**

OTTAWA—Canadian charter banks frankly are disturbed by the impending establishment of a central bank in Canada. They anticipate that it will rob them of much of their profitable business. While Prime Minister R. B. Bennett has stated that the principal purpose of the proposed central bank is that of handling exchange with a view to stabilization and removal of control from New York, it has become known that the new institution is to be given, if present intentions are adhered to, exclusive charge of note issue. It is also proposed to divide the rediscounting

business between the central bank and the charter banks.

During the last few years, the exchange business, issuing of notes, and rediscounting have accounted for a very large part of the profits of the commercial banks. Naturally, they view with displeasure and some anxiety the proposal to deprive them of this business.

Canadian insurance companies are also somewhat anxious about another possible development. Hints have been given by Ottawa of another large conversion loan this year. It is expected that such a loan would compel a considerable reduction in interest rates, and this would extensively affect insurance companies with heavy investments.

In the House of Commons the Liberal Opposition is seeking to revive the question of reciprocity with the United States. They charge the Bennett government with failure to proceed with negotiations begun after Roosevelt took office last fall. Mr. Bennett's reply is that the next move is up to the United States, that Washington has lately shown no disposition to advance the matter. He also points to disturbed foreign exchange conditions as an obstacle to reciprocal trade agreements.

Focus of business interest this week is the appointment of the Stevens committee to investigate mass buying practices in Canada and report to the government (page 28). Carloadings are again up. Government tax revenues are gaining. Unemployment is declining. Gross earnings are well ahead of last year on both of the country's great railroads, but the government is still faced with the problem of a heavy deficit on the Canadian National for carrying charges.

## Far East

**Recent Japanese optimism moderated by threats of export decline. Business in Australia continues to improve. Last conversion offering on London market this week.**

JAPAN is considerably less optimistic than at the end of 1933. Trade barriers are increasing, and the yen no longer holds the abnormal exchange advantage it had a year ago. Effects on exports, real basis of Japan's boom last year, are anticipated.

January foreign trade reflected this trend, was unfavorable to the extent of ¥16 millions. Railway receipts were down 9% in January compared with December, and freight tonnage was down 16% in the same period. Cotton yarn production fell off 4%. The threat of serious troubles in the Far East also is a source of worry to some executives.

Not all export returns are discouraging. Last year the United States in-

creased its imports of canned king crabs from Japan by more than 25%. Sales of goods to the Philippines increased more than 50%. Largest share of the business was textiles. Despite the increase, however, Japan supplied only about one-tenth of all imports into the Philippines.

#### Australia Good Market

Australia is reporting more favorable business than a year ago, though recovery got under way in that country sooner than in many others. Recent improvement is due especially to higher prices for wool, and to increased exports of such products as eggs and butter. Building operations are picking up. Company earnings in 1933 were about 20% above those of the previous year. Fewer persons are without work. The tourist exodus in the next 2 months will be greater than in any year since 1929. Outlook for the sale of American automobiles, electric refrigerators, office equipment, and specialties is improving.

During the week Australia made the last of 7 conversion offerings on the London market. The current issue was for about £21.6 millions, covering original issues of several provinces. Old interest rates were 5% and 5½%. New rate is 3½%. Including this conversion, it is estimated that a total of £2 millions will be saved annually in servicing Australia's foreign debts.

## Latin America

**Cuban sugar quota meets opposition in Washington. Havana anticipates new trade agreement with the United States.**

CUBA continues the center of interest in Latin America. Encouraged by the increase in the Cuban sugar quota on the American market, and by the prospect of new trade arrangements which will revive some of the old business which once flowed between New York and Havana, Cubans are much less pessimistic than they were a few months ago.

American sugar interests, on the other hand, are preparing to continue their battle against the new Roosevelt program of increasing sugar imports—at least from Cuba. If Administration leaders in Washington have discovered that foreign trade is going to increase only if the United States helps it, and that one of the best ways of starting the revival is through larger imports which will revive foreign purchasing power, not all of the country has yet been educated to the idea. Secretary Wallace has started a campaign which is gaining a following. More persons need to study the problem carefully from the point of view of our entire foreign trade policy rather than from the narrow viewpoint of a single product.

# Money and the Markets

**Bonds shake off their blues and sweep to new heights on incoming tide of repatriated money. Stocks and commodities show signs of hesitation.**

## Money and Banking

THE millions of dollars of gold pouring into the United States from abroad will tend to assure a long period of low money rates. Over the past week-end more than \$200 millions was taken off the ships at New York, swamping the Assay office with work and adding to our already huge stocks of the metal held by the Treasury. Our foundation for a credit expansion, more than ample before, is steadily widening.

Foreign criticism of our monetary policy may also be expected to increase as we continue to draw upon Europe's remaining gold supplies. In this connection, certain comments upon the British policy made by Reginald McKenna at the annual meeting of the Midland Bank are decidedly interesting. They suggest that the difference in methods and aims of the British and

ourselves is not as great as has often been asserted.

Mr. McKenna brought out that the government policy of cheap and abundant money had been in force in England for two years. Its success in maintaining the general average of prices at a level which renders production profitable is, he said, beyond question. The whole of the recovery is not to be attributed to monetary policy alone. Yet the other factors could have done little to bring about improvement had they not been accompanied by a steadily expansive monetary policy.

He answers objections to the artificial manipulation of money, which some fear will end in disaster, by stating that the most important factor of demand is the quantity available for the purchase of commodities, and it is quite proper to ask consideration of the principle which should guide the central bank in

determining what the quantity of money should be. He says that when the critics become familiar with action by the Bank of England to keep the price level stable they will call it natural.

Also, he remarked, people shrink from recognition of the fact that inflation is sometimes desirable. Inflation is good or bad according to the conditions of the time when it is put into operation. Not a voice has been raised against the inflation Great Britain has experienced in the last two years. As recovery in England has not been attended by the horrors of uncontrolled inflation, no one recognizes it for the deliberate inflation which it really was. The British monetary policy for the immediate future, he says, should be to go on with the consistent maintenance of cheap and abundant money supplies.

"Our own standard, based on the general commodity price level, is the one best suited to the needs of the great masses of population throughout the world, for not only is the pound sterling readily acceptable everywhere as a means of payment, but it is now managed with a view to insuring that debtors shall be called upon to pay no more in value than they have borrowed."

Mr. McKenna has been one of the

## Figures of the Week

<b>BUSINESS WEEK WEEKLY INDEX OF BUSINESS ACTIVITY</b>	<b>Latest Week</b>	<b>Preceding Week</b>	<b>Five-Year Average Ago (1929-1932)</b>	
.....	*66.4	†67.2	52.0	77.8
<b>PRODUCTION</b>				
★ Steel Ingot Operation (% of capacity).....	43.6	39.9	19	53
★ Building Contracts (F. W. Dodge, daily average in thousands, 4 weeks' basis).....	\$6,927	\$7,562	\$3,153	\$8,807
★ Bituminous Coal (daily average, 1,000 tons).....	*1,292	1,249	1,289	1,519
★ Electric Power (millions K. W. H.).....	1,641	1,652	1,470	1,637
<b>TRADE</b>				
Total Carloadings (daily average, 1,000 cars).....	95	94	84	121
★ Miscellaneous and L. C. L. Carloadings (daily average 1,000 cars).....	59	59	49	75
★ Check Payments (outside N. Y. City, millions).....	\$2,614	\$3,120	\$.....	\$4,265
★ Money in Circulation (daily average, millions).....	\$5,335	\$5,333	\$5,563	\$5,009
<b>PRICES (Average for the Week)</b>				
Wheat (No. 2, hard winter, Kansas City, bu.).....	\$1.85	\$1.87	\$1.44	\$1.80
Cotton (middling, New York, lb.).....	\$1.125	\$1.125	\$1.061	\$1.120
Iron and Steel (STEEL, composite, ton).....	\$32.42	\$32.42	\$28.31	\$32.19
Copper (electrolytic, f.o.b. refinery, lb.).....	*\$0.078	\$0.078	\$0.048	\$1.12
All Commodities (Fisher's Index, 1926 = 100).....	73.7	73.2	55.4	77.2
<b>FINANCE</b>				
Total Federal Reserve Credit Outstanding (daily average, millions)....	\$2,602	\$2,612	\$2,155	\$1,520
Total Loans and Investments, Federal Reserve reporting member banks (millions).....	\$17,092	\$17,082	\$16,617	.....
★ Commercial Loans, Federal Reserve reporting member banks (millions).....	\$4,755	\$4,713	\$5,007	.....
Security Loans, Federal Reserve reporting member banks (millions)....	\$3,531	\$3,587	\$3,694	.....
Brokers' Loans, New York Federal Reserve reporting member banks (millions).....	\$853	\$896	\$427	\$2,339
Stock Prices (average 100 stocks, Herald Tribune).....	\$105.58	\$104.53	\$82.49	\$134.30
Bond Prices (Dow, Jones, average 40 bonds).....	\$92.33	\$90.99	\$78.24	\$88.65
Interest Rates—Call Loans (daily average, renewal) N. Y. Stock Exchange	1%	1%	1%	3.2%
Interest Rates—Prime Commercial Paper (4-6 months) N. Y. City.....	1½-1½%	1½-1½%	1½-1½%	3.6%
Business Failures (Dun and Bradstreet, number).....	239	291	563	576
*Preliminary †Revised \$No report ‡Four year average 1929-1932 ★ Factor in Business Week Index				

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\$134.30

\$88.65

3.2%

3.6%

576

Index

SS WEEK



severest critics of American policies. Yet he must have been thinking of details rather than broad effects for with few changes this address of Mr. McKenna could be made to apply to the monetary policy adopted by the Roosevelt Administration.

## Bonds

BONDS shook off their blues over threatened stock exchange regulation this week and bounded upward to new highs. Repatriated and foreign capital, coming into this country in a tidal wave, is rapidly absorbing existing supplies of bonds. Domestic demand is also holding well. The result is that prices are steadily being bid higher.

Investment bankers are heart-broken to think that this golden opportunity to sell new issues should arrive at a time when it is not practical to put new issues on the market. The difficulties in bringing out bonds under the Securities Act may not be insuperable but the delays are so long and the costs so high that few are willing to undertake the task at this time.

To date the only major old-line company to file a registration statement with the Federal Trade Commission under the Securities Act has been American Water Works & Electric Co. This company proposes a new issue of \$15 millions 10-year 5% collateral trust bonds, a part of which will be used to retire the \$12.5-million issue maturing April 1 of this year. It has been estimated that the cost to the company for legal and accounting fees and other charges in connection with this issue—but excluding any underwriting commissions—was in excess of \$200,000.

Partners in bond houses believe the chances of making the Securities Act less restrictive are better now than they have been since its passage. The fair practice provisions of the investment bankers' code, which have just appeared in the form of a tentative draft, should prove to Congress that an excellent job of self-regulation is contemplated and that the evils which appeared during the boom days will not be allowed to return. The distribution of investments is to be placed, and held, upon a higher plane than was possible heretofore.

Most comment was aroused over the rules pertaining primarily to salesmen. These, it is claimed, will do more to alter the investment business than any others. In particular, Sec. 3 prohibits salesmen telephoning to or calling upon customers or prospective customers at their homes or residences without specific written permission. This, it is believed, will do away with high pressure sales methods, will cause customers to come into the firm's office, will give partners a greater supervision over the actions of their salesmen, tend to introduce more of the English method of security distribution.

Of more immediate interest to investors is the rather uneven progress being made by the recovery. Confidence is being restored in some sections and in some industries at a much more rapid rate than in others and these differences are being reflected in bond prices. The South, for example, seems to be receiving something more than its share of government attention. Should the Bankhead Bill be passed and cotton rise several cents above present levels, the position of certain Southern municipals should be improved. Railroads serving the South should also feel the pick-up in business, earnings should increase,

and the investment ratings of their obligations should be lifted.

Similarly the automobile, steel, and rubber industries seem among the first to feel the impulse of recovery and their issues have responded accordingly. It is by searching out such opportunities that large bond buyers are endeavoring to grade up their lists during this period of constantly advancing prices.

## Stocks

LARGE-SCALE foreign security buying, which many believe is now reaching its peak, was unable to return stocks to their high levels of Feb. 5. Perhaps foreigners are more interested in bonds than stocks, perhaps some traders are already contracting their long lines in anticipation of more stringent margin regulations, perhaps it is the tendency of the little fellows to sell the present market or the fear entertained by certain of the larger speculators that recent Administration actions will limit earnings; whatever the cause, the bull movement seems to have been terminated and stocks are now hesitant, awaiting influences that will determine the direction of the next major swing.

Utilities stand farther below their former high level than do other groups. Off by some 10%, the position of these stocks was not improved by the impending power rate probe. The Senate, this week, passed a joint resolution calling upon the Federal Power Commission for a report on rates charged for electric service of different classifications. This move has been taken by some to indicate that a new attack on the utilities is brewing and that the report, when it does appear, will be used as a club to knock power rates lower.

Also disturbing Wall Street were steps taken by the Federal Trade Commission. A complaint was issued charging American Smelting & Refining Co. with a violation of the Clayton Act by acquiring Federated Metals Corp., a competing non-ferrous smelting firm, late in 1932. The company states that it explained the full details of this transaction to the FTC before going ahead with the acquisition and that no objection was raised then. Combined with the announcement, made at the same time, that the commission was looking into the acquisition of North American Aviation by General Motors and the earlier complaint against the rayon companies (*BW*—Feb 17 '34) this has the earmarks of a planned drive against big business that is leading to the disposal of certain long lines.

It was common knowledge that many corporations were using surplus funds

to purchase their own shares at the low prices prevailing during the depression. But the publication by the Stock Exchange last week of the full list of the firms listed on the Exchange that held their own shares was more extensive than generally expected. Even so, it is understood that many companies disposed of sizable blocks of their own shares prior to the time the report was made. This raises the ethical question of whether a corporation should purchase and sell its own stock, or if, when seeking investments, it must only buy securities of other issuers. And also the legal question of whether if a company has purchased its own shares it can sell them, even on the exchange, without first registering them under the Securities Act. The final answer to these questions may have a measurable influence upon the future course of the market.

resulted in consequence of "tips" and "inside information," but the silver crowd is running true to form in the wildest kind of speculation. Manhattan banks are weighted with warehoused silver that has been drawn here by the speculative orgy.

It's an ill wind that blows nobody good. As a result of the zero weather, the country took to drinking coffee at a record rate. Since Feb. 1, 600,000 bags of coffee have disappeared into consuming channels, an increase of 35% over 1933, and an increase of 27% over 1932. Coffee prices benefited by net gains reaching 8.16¢ for Santos and 10.75¢ for Rio in the March delivery.

Demand, stimulated by cold weather, accompanied by a substantial decrease in arrivals at market has advanced prices of pork products, pork cuts, and lard to new high levels. Pork stocks in storage are substantially higher than at this time last year, but are not considered excessive with the outlook for continued reduction of hog supplies through government efforts. Beef stocks declined somewhat during January, but are nearly double a year ago and higher than the 5-year average.

The wholesale price index of the Bureau of Labor for the week ended Feb. 10 rose to 73.3% of the 1926 average as compared with 72.8% the preceding week, and is now 2.2% over the high point reached during the last year and 22% above the corresponding week a year ago. We are not the only country with a rising price index. Prices in Germany rose slightly in December for the eighth consecutive month. French prices rose 2% in December.

## Commodity Markets

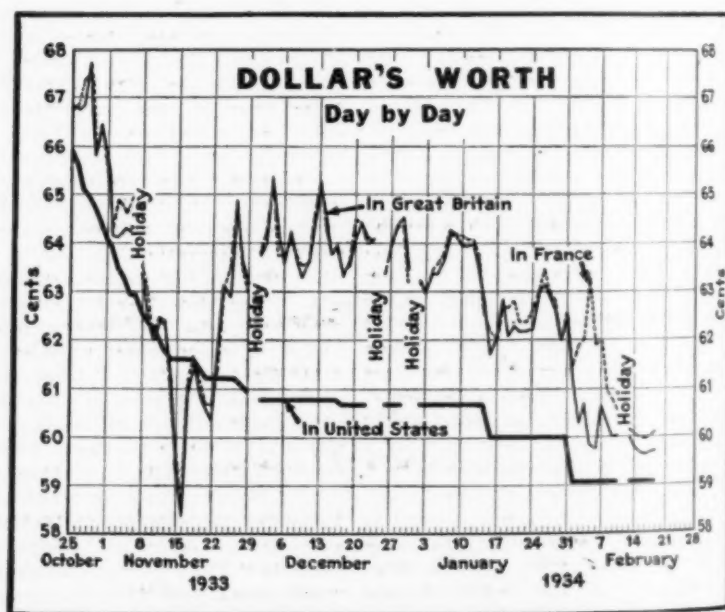
THE vigor with which commodities moved upward for the last 6 weeks has slackened. The *Journal of Commerce* weekly wholesale commodity price index at 75.1 is at the highest point since 1930, but the daily index which brings prices up to Wednesday, Feb. 21, showed a slight recession from the peak. Grains and metals have weakened, but textiles and foods have kept up their strength.

Passage of the Bankhead Bill, now that the President has given it his blessing, seems imminent. It provides for compulsory control of cotton by imposing a 12¢ tax on all cotton ginned in excess of 9 million bales, with allocation of production to cooperating farmers. But while the South coyly awaits 15¢ cotton, actually cotton prices have begun to recede. May delivery at 12.15¢ is fully 30 points lower than last week.

Not only cotton producers have been forced to take some setback. The tidal wave of selling that struck the wheat market last week has continued and May delivery has fallen below 90¢. On the basis of the devaluated dollar, which is the way Europe figures, this brings wheat down to 54¢ a bushel, which is still 22¢ higher than the Canadian variety. Even the Manitobas are not the cheapest wheats, as they are being undersold by Argentine and Australian varieties. U. S. exports last week of 1.4 million bushels were made possible by government aid. The high domestic price is the consequence of moderate supplies resulting from the small 1933 crop, acreage reduction, prospects of a poor yield, and heavy abandonment. The farm price of wheat is 68¢.

Most sensational development of the

week was the rise of silver to 46¢, the highest price in 4 years, with sales reaching 40½ million ounces amidst a flood of the wildest rumors—that the President was about to commandeer all silver stocks, paying the current market price; that the government might decide to increase its buying price for newly mined domestic silver to the full statutory price of \$1.29 an ounce; that the government might adjust its buying price for newly-mined silver to the changed gold price. No one seems to be able to tell whether there is any basis for the churning which



**TOWARD STABILIZATION**—Dollar values abroad have fluctuated widely since President Roosevelt made his "stabilization" announcement but are now within 1¢ of the decreed value. The sharp rise in France marks the political shakeup there.

## Editorially Speaking—

AND another set of initials to the soup-tureen: RAB, which stands for Review Advisory Board. Because codes specifically cannot do anything about monopolies and "the suppression of small industries," this board was created to examine the effect of codes on small industries. Senator Nye, who has led the battle on Capitol Hill against NRA, nominated the members, General Johnson appointed them; they will get together for the meeting of consumers, labor, and just plain folks on Feb. 27 and 28 prior to the code authority conference Mar. 8. RAB membership includes bigwigs in industry, retailing, the law; Clarence Darrow and Samuel Seabury are among them.

THE Export-Import Bank is open for business, stands ready to extend operations beyond the Soviet Union when good financing jobs turn up. Meanwhile, it is catching its share of senatorial criticism, Senator Tydings, for one, characterizing its modest \$11 millions capital as "a loan to Russia." Incorporated in the District of Columbia, "where there ain't no bank inspectors," the Federal Reserve won't do much lecturing on security limits. That George Peek, who knows about foreign trade, accepted the presidency is a good indication it can do the job.

HENRY FORD now has made it definite. His exhibit at the 1934 fair in Chicago will be the biggest on the grounds, an 1,100-ft. building covering 11 acres. The "Drama of Transportation" will depict the evolution of passenger vehicles from early Egypt until now. Every Ford model ever built will be shown. Much of the big Ford exhibit that broke all show attendance records in New York will be there. Other features, a huge, electrically-driven globe, a big Ford park across the road.

AMONG chief objectors to service charges by banks is the creamery industry. Creameries issue 500 million pay items a year, totaling \$1 billion. There are \$40 millions afloat at all times, used like money at rural stores. Some rural banks are charging 1¢ to 10¢ for cashing them. The industry is afraid the new bank code rules will make the charge general. One result would certainly be an increased demand for coins and currency.

WELL, anyway, it was a good try, and swell rhetoric. The chemical industry, in its code, recited its importance to the national defense, asserted its main product and purpose to be "the extension of chemical knowledge in the public interest." Then it added, "It is recognized

that the chemical industry, if it is to keep abreast of chemical progress in the world, requires employees capable of constant advancement in their technical skill and of high and loyal character. Therefore, conscious of the great purpose of the industry, by presenting this code, the employers in this industry shall not be deemed to have waived any of their constitutional and legal rights to engage, promote, or release employees, and the members of the industry shall not be deemed to have waived any other constitutional rights."

That got clear past the President, who signed it. Whereupon a half dozen other industries gleefully cried "merit clause at last!" and adopted the terminology. In just 7 days, General Johnson turned it down.

MEETING Senate criticism, General Johnson has ruled that former officials of NRA cannot appear as advocates of industry before the deputies or the code authorities. This is not to preclude the men trained in NRA from taking positions on code authorities, in fact, the policy of NRA is to train men for such places. But they have to be attached to codes of industries in which they have never had an interest.

THE Chicago judge who ruled that NIRA could not apply to the filling stations in his district was met half-way by Tuesday's ruling that NRA would arrange for the setting up of regional codes to take over intra-state industries, thus by-passing the constitutional issue. The other half of the issue was not covered by the new ruling, for industries like retail stores and filling stations (specifically mentioned) which get their goods from nation-wide producers, are still to come under national code regulation.

COMPULSORY crop control is not likely to be extended beyond cotton at the moment, although bright tobacco may come under the plan next. Circumstances will determine that. The point is that AAA feels that the voluntary control, with benefit payments from processing taxes, will work successfully in the crops whose chief market is domestic, will not work so well when a large proportion (55% in the case of cotton) is sold abroad and thus cannot pay the processing tax. Bright tobacco is sold abroad, many good tobacco lands, now fallow or in other crops, threaten to be put into this type of tobacco for export, and if so, the compulsory control plan may be turned on there.

Milk, big problem though it is, is not likely to be "next."

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## Now to Salvage The Airmail

The airmail contract cancellation affair leaves a bad taste.

It interrupts an efficient, smooth-running service of which every American was proud. It jeopardizes lives and equipment of the army. If allowed to stand exactly as promulgated, it would cripple air transport.

It has a political flavor; the inference is bound to be drawn that this was in part motivated, consciously or subconsciously, by a desire to discredit acts of the Hoover administration. Up to now, the Roosevelt group has not conspicuously indulged in that form of petty politics.

Worst of all, the act has the unmistakable air of having been decided upon impetuously. That is a disquieting thought. If the Administration is impulsive and headlong once, it may be again, in an even more critical matter.

Postmaster General Farley suggested to Colonel Lindbergh that if the Colonel knew all the facts, he would not feel that any injustice had been done, or would be done. Then Mr. Farley issued a long letter, presumably the Administration's complete statement of its grounds for summary action. As such, it falls far short of justifying the course chosen.

To us, it appears that the Hoover-Brown policy aimed at building up an efficient air mail service, and, simultaneously, a good passenger transport system. Aiming at this, support was thrown to the strong, well-organized groups. The device of granting extensions seems to have been stretched beyond the intent of Congress—all to the same end.

It appears there was much money made in certain air stocks. But there is no evidence of improper considerations having been demanded or volunteered in return for contracts.

It does appear that the "big operators" carved up the map among themselves. But they did so at the direct invitation of the government then in power.

That is not the way Roosevelt would have done the thing. It is abhorrent to his whole philosophy. He feels it is just the kind of favoring "big fellows" that the people voted against in November, 1932. We may grant his sincerity. But it was possible to get a new airmail deal without sweeping and indiscriminate extinction of all air transport companies.

The deed is done. Now the problem is to turn the situation to the best advantage possible. There probably is something to be gained from a new deal all around; let us have it.

We do not believe the sentence of execution passed on the air transport companies will be allowed to stand as written. We doubt if the 5-year prohibition against their rebidding will be rigidly enforced. The personnel that carried the mails until Feb. 19 probably will carry it again, and soon.

But this time on a better basis. The scheme devised by Representative Mead for payment on a mileage-poundage rate, together with plans to increase the volume of air mail by reducing postage and offering special services, seems well-considered. It will get rid of the smell of disguised subsidy; it will be as welcome to the operators as to the government and the public.

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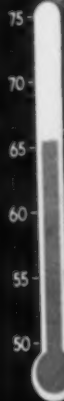
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